THE BUSINESS WEEK

A Journal of Business News and Interpretation

A McGRAW-HILL PUBLICATION

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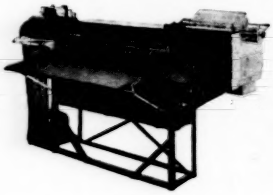

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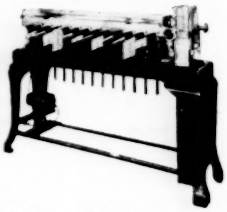

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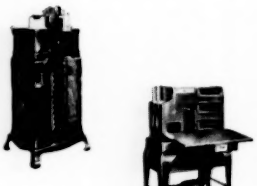

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The Business Week

With which is combined The Magazine of Business

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

COVERING EVENTS OF THE WEEK

ENDING NOVEMBER 30, 1929

Business Outlook—Partly Cloudy, Continued Cool

THE gradual slackening of business activity seems this week again to be proceeding according to schedule. This means that the slowing up is about what might be expected at this season plus what would be natural in the light of the abnormal or boom conditions that existed up to the middle of the year. There is little direct or conclusive evidence that the stock market collapse that has so far taken place has in any great degree accelerated the decline which would otherwise have occurred. We look for it to continue without marked change for the better, except for about the usual holiday increase in retail trade, until early in January.

The stock market also appears to be acting in a traditional fashion. As things are going, the chances are that, after a somewhat longer interval of irregularity and weakness than general business will experience, a further general relapse in prices will take place.

If business could be talked down we should have had a more pronounced recession than has so far been seen. If it can be talked up, next year should be a record-breaker. But the first burst of sunshine following the President's conferences has been followed by a few scattered clouds of conservative reflection, and further activity of the statement-mills is not likely to swing the general course of business far from what is normal under existing actual conditions.

A Crucial Congress Begins

THE respite which the adjournment of the special session of Congress gave the country was very short. Last week, we discussed the death of the special session. This week the regular session of the Seventy-first Congress is upon us.

It will be one of the most momentous sessions of Congress since the war. It convenes at a time of profound business uncertainty. It precedes a year of political campaigns and elections in which the control of Congress—already out of regular Republican hands—will be determined for the remainder of the Hoover administration. It approaches its work in an atmosphere of political chaos which has developed during the special session this summer. It will have to deal, in such an atmosphere, with issues of great importance and bitter controversy. During the next few months Congressional activity will be a heavy factor affecting the general business situation. It is practically certain that it will be an unfavorable or disturbing factor.

The sole accomplishment of the special session was the passage of a farm relief measure which is now on trial. Its ultimate results are uncertain, and so far they are unsatisfactory to many groups within and outside Congress. There will doubtless be some effort to change the law or to influence its application. The export debenture idea is still in the air and it has been written into the Tariff Bill for further discussion in the regular session.

Other problems which remain over from the last regular session are those of prohibition enforcement, flood control, naval appropriations, disposition of the Muscle Shoals project, and appropriations for rivers and harbors. New questions before the coming Congress are those of the amount and distribution of tax reduction called for by the administration's recent promise, and of legislation for the regulation of lobbying, growing out of the investigations that interrupted the work of the special session. No doubt also the new Congress will have a great deal to say, even if it does nothing more than alarm, about changes in banking laws and the regu-

lation of speculation, as well as the public utilities.

By far the most important problem facing the new Congress is that of the unfinished tariff revision. Its chief importance is that it will probably bring nearer to a crisis the profound political realignment which developed over the tariff during the special session, the essence of which is a sharp split between the agricultural West and the industrial East in all matters of future political policy. Definite and forceful warning of this cleavage was given in Senator Borah's speech on September 16. It found its clearest expression in the effort of the so-called Young Guard Republicans to prevent the adjournment of the special session and to force the passage of a tariff bill based upon drastic upward revision of the agricultural tariff rates and maintenance of the present level of industrial rates.

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Farm versus Factory

WHEN, shortly before the adjournment, the special session raised the duty on clothing wool the agricultural Senators were able to say to their farm constituents that before quitting they had at least acted upon and in most cases raised all agricultural duties, and had acted to prevent any increase in industrial rates. Congress thus goes into the regular session under a kind of truce on the tariff, but the first line trenches are occupied mainly by the farm forces, ready for the clearest-cut conflict between industrialism and agriculture that has occurred in this country since before the Civil War. This is the significance of the tariff situation as it stood when the extra session came to an end.

The Democratic-Independent Republican coalition which controlled revision on the floor of the Senate was dominated by a determination to benefit agriculture as against manufacturing industry. It was not moved to any great extent by allegiance to the low tariff theory which underlay previous attacks on protectionism. This accounted for some of the aid and comfort received by the Coalition from Senators representing a few large industrial states and also to some extent for the almost solid support of Southern Democratic Senators with both agricultural and industrial interests.

The issue is not merely one of agriculture *versus* manufacturing, but of the primary producer against the manufacturer. The coalition tended to support higher tariffs on raw materials like manganese that came from mines, as well as on those like wool that came from farms. Up to the adjournment the Coalition was not trying to cut the present level of duties on industrial products or to attack the principle of high protection, though it was moving in that direction.

Moreover, the Coalition was not merely trying to raise rates on farm products blindly. Some members recognized that many of the increases demanded were in themselves delusive and of no significance.

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Trojan Horse for Debentures

THE farm bloc privately had no hope of greatly helping farmers by raising duties on agricultural products and holding the industrial rate level substantially as at present. What it really aimed at was to fix agricultural rates that would provide a suitable basis for bounties under the export debenture plan, which they had previously successfully fought to put into the bill.

They realized that no bill embodying that plan can now be enacted, but they believe that when the ineffectiveness of most of the higher duties on agricultural products which the bill will embody becomes apparent, it will provide the basis for unanswerable argument for an adoption of the export debenture plan. The plan, then, is to threaten that if something of the kind isn't done in order to make protection effective on farm products, the only way to "equalize" the tariff as between agriculture and industry will be to reduce drastically the present level of industrial duties.

Thus, if the tendencies already evident during the special session are carried on into the regular session the issue will crystallize into a demand from the agricultural South and West that the industrial East, in return for high protection on its manufactured products, shall concede bounties out of the Treasury for those farm products which cannot be aided much, or at all, by tariffs alone.

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Old America Battles New

A BUSINESS recession may recast this alignment, or it may return of itself to the old division between low and high tariff policies based upon original party principles. It is rather probable that there will result a compromise on the basis of maintaining present industrial duties mostly as they are and boosting those on agricultural products generally, forgetting the export debenture plan for the time. If such a compromise does not result, the only probable alternative is a continuance of the stalemate or deadlock which existed when the special session closed, with no tariff legislation at all forthcoming.

Beneath the surface, however, it is clear that the special session laid the basis for a gigantic struggle between the forces of industry and those of agriculture, between primary production and fabricating interests, between the city and the country, and in a broader sense between the old and the new America—a conflict which will reflect itself in almost everything the Seventy-first Congress does.

Farmers Going Back to Farming

A STRANGE thing is happening in North Dakota. It may mean that the tide has finally turned in agriculture, and that the slow agricultural revolution that has been going on for some years has begun to show its effects.

Between 5,000,000 and 6,000,000 acres of North Dakota farm land have been purchased by farmers to be farmed by themselves during the past five years. At a land owner conference in Fargo, November 7, the secretary of the Greater North Dakota Association said that if this volume of sales continues for another three years the tenant land problem of the state will practically disappear. Owners and representatives of institutions holding more than 2,000,000 acres of tenant-operated land were at the conference to hear this good news.

The 1925 census of agriculture showed that about 50% of the farm land of the state, or 17,000,000 acres, was operated by tenants. In the view of the association this was about 5,000,000 acres in excess of normal tenancy. During the past four years this total has been reduced by increasing sales and the decline of mortgage foreclosures. Such foreclosures in 1926 were about one-half of the number in 1923, and in 1927 and 1928 they were about equal to the foreclosures during 1914 and 1915, which were fairly normal. To date, 1929 shows a decrease of about 15% in foreclosures as compared to the same period in 1928.

During the past five years more than 5,000,000 acres have changed hands in North Dakota by voluntary sales. About 70% of the land being purchased is rented land. Before the war many sales were made as a speculative investment, which changed owner-operated land into tenant-operated land. Such buyers have not been in the market during the last three to five years. Most of the sales are by a tenant who is becoming an owner or by an owner adding land now rented to his holdings to permit further increase of efficiency of operation.

It is probably too early to say how much of this movement reflects a renewal of a tendency toward land speculation and how much a tendency toward large-scale industrialized farming. But the decline of tenancy at this rate certainly means that something significant has taken place in American agriculture in recent years.

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Railroad Valuations Are Only 12 Years Old

THE Interstate Commerce Commission with great energy and persistence is now making public its valuations of railroads of the country. Sardonic laughter must resound at 18th and Pennsylvania Avenue in Washington as these reports are published. One recently issued is a valuation as of June 30, 1917, another as of June 30, 1916.

In fairness it must be admitted that the commissioners are not responsible for this near-ridiculous procedure. It is a part of their duty under the Transportation Act propounded by Congress. The railroads must be valued for purposes of taxation and for purposes of rate making—upon which Congress seems intent.

But the present progress of work is absurd. Final valuations as of dates from 10 to 15 years ago are worth little today. They do provide a basis upon which to build. But the time and money which will be necessary to complete these first valuations and then bring them all up to date gives promise of being endless.

Already millions of dollars of tax payers' money has been spent in what almost seems a futile process. The progress which has been made rivals that of a snail—not a very live snail, either.

Glass Houses

HIGH tariffs are not peculiar to the United States. There are few nations which do not resort to high import duties, and, according to figures recently compiled by the Tariff Commission, not many keep within the maximum bounds of American tariff laws. And the countries which are the most vociferous in objecting to the provisions of the new American bill are the most industrious in levying duties on their own account.

In its last tariff revision Argentina increased the duty on shoes 135%, on cardboard 105%, on woolen textiles 97%, and on unbleached cotton cloth 76%.

Australia levies a duty of $194.40 on small motor cars, unless they be of British origin, which pay only $145.80. Silk hosiery is assessed $2.64 a dozen pairs; if British, $1.65.

Denmark has increased the duty on cigars and cigarettes 50%, on electrical machinery 50%, on furniture 60%, on salmon and trout 400%, and on candy 900%.

France collects fifty-three cents a bushel on wheat, $1.42 on each hundred pounds of flour; $3.49 on each barrel of crude oil, and $2.73 on each barrel of refined oil.

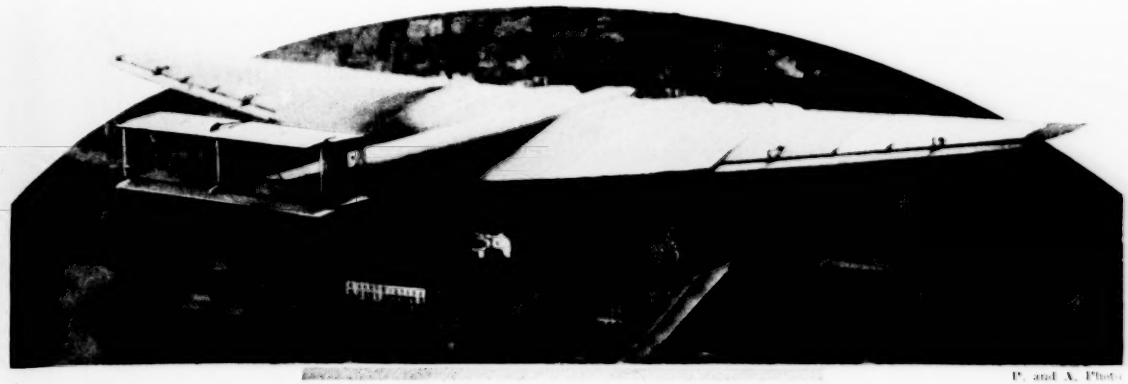
Germany has increased the duties on textiles and automobiles 100%, has doubled the levies on dyes and colors and laces, and collects $3.41 on each hundred pounds of raw sugar.

Great Britain, the world's greatest apostle of free trade, still manages to collect 33⅓% ad valorem on such goods as automobiles, watches, clocks, cutlery, gloves, buttons, and tires. The British law also provides for many specific duties, such as four pence a gallon on gasoline, six pence on mechanical lighters, and 2/9d on moving picture films.

Italy protects its macaroni industry by levying a tariff of $2.27 on each hundred pounds imported, and assesses typewriters 44 cents a pound. On each hundred pounds of flour $17.77 is collected, and tires pay 13 cents a pound.

THE SAD OLD WORLD:—

"Take it from me, lady, your margin's too thin."



P. and A. Photo

FLIGHT IN THE WINGS

Cabins in the wings will accommodate 40 passengers in Junkers "G-38". Wing-space, 148 feet; over-all length, 75 feet; height, 16 feet. Four landing wheels will carry its enormous weight and, with a tail wheel, will be equipped with brakes

Automotive ►

Signs of Pick-up After Drastic Cuts

AUTOMOTIVE production schedules and employment have been cut drastically during recent weeks. How much of this is due to the present financial situation and how much to just over-production is a question. There is substantial evidence, however, that the stock market fiasco has had much less effect than conditions within the industry. In many plants, schedules were cut before the crash and already certain companies are again expanding output.

Ford has stopped shipping Model A materials to assembly plants and is concentrating on the new model at Dearborn. Assembly plants, as they clean up on Model A, are closing down to await the new one.

This conclusion may be drawn from a survey of Ford assembly plant activities conducted by *Automotive Industries*. Of the 24 Ford assembly plants in the United States, 12 are reported to be operating at rates normal for this season. Seven are closed down, ostensibly for inventory, installation of equipment and other reasons still offered as camouflage for the new model. The remaining 5 have reduced operations considerably. Two plants now at normal production are expected to close soon.

The main plant at Detroit is reported to be using a normal number of workers but with a large proportion on part time.

Mr. Ford has recently announced a wage increase for all employees. He plans to get production on the new model up to a maximum of 12,000 cars per day compared with 8,000 this year.

General Motors' production has been cut drastically. So has employment among office workers and minor officials as well as factory forces. Cadillac-La Salle is operating almost at summer rates. Other units are producing half or less of former output. Chrysler units have maintained a fairly stable output for two months; have shown few effects either of over-production—provided for earlier—or of the stock market crash.

Underwood and Underwood Photo

DADDY OF ALL ENGINES

Louis Riva, chief engineer of "Chicago Harbor No. 4," operates an engine (probably oldest in the world) which has been in regular service for more than a hundred years. The engine was originally used to tow boats on Erie Canal and Hudson River

Packard, closed down for inventory early in October, is back in production with gradually increasing output. Willys-Overland and Studebaker have been closed for inventory but are producing again—at lower levels, but with no indication of distress. Studebaker has boldly increased prices averaging $70 on all models—adequate indication of belief that buying confidence has not been shattered.

At the President's conference automotive representatives were firm in their conviction that ultimate effect of speculative activities on automobile sales would be negligible. It so happened that the crash coincided with the normal seasonal decline in production, with inventory period, with changeovers to new models. When these factors were added to the sudden realization of the industry that it had produced more cars than were immediately saleable, the consequent slowing up was so marked as to be easily mistaken for a result of the stock crash.

Evidence still indicates that automotive sales will be less next year than during 1929 despite Ford's promise to increase his production 50%, despite similar optimistic forecasts from several other executives.

Automotive ►

The Export Market As a Way Out

AUTOMOTIVE exports seem certain to increase though probably not soon enough to take up the expected slack in domestic sales during early months of 1930. Europe, particularly Great Britain, promises increasing competition for American motor products in many markets; but this should be outweighed by increased purchasing power and higher living standards abroad.

During the first ten months of 1929 total exports from the United States were 626,185 cars and trucks—nearly 184,000 more than were exported during the same period of 1928. Much of this 42% gain has been in truck sales, which increased 120,950 units or 103.5% over last year. Exports of passenger cars increased 62,901 or 19%. Inclusion of Canadian production of American design cars raises export sales to 860,048 with trucks still far in the lead. For the first ten months of this year 42.7% of truck production has gone abroad. Exports of trucks from the United States alone have averaged about 40% of total production while passenger car exports are about 10%.

The fact that nearly 40% of our exports are the trucks that make up but 15% of our total production indicates the fundamental difference between the automotive market here and abroad. Add also the fact that large numbers of passenger cars exported are used in taxi service or as buses.

In general, foreign markets are still based upon the need for economical business transportation.

Living standards and buying power elsewhere are much lower than in the United States; freight costs, tariffs and similar factors make car prices higher in foreign markets; expensive fuel, heavier taxes, costlier service push up operating charges. Yet several other countries are already spending more money—from a smaller income—for automobiles than we are. In Australia, New Zealand, British East Africa automotive expenditures per capita are greater than here. British East even has more cars per capita—one for every two white residents compared with a ratio of one to five in this country.

South American countries and British Dominions have constituted our best markets. The future should witness still further expansion of sales to countries south of us.

Automotive buying in British colonies and dominions will also increase but American industry may not benefit. As noted in THE BUSINESS WEEK of November 27, the British Labor Government may remove the English horsepower tax and retain the McKenna duties, to develop a British market for high-powered automobiles. American manufacturers would then meet a greatly increased competition in the Dominions.

In Europe a wave of ill-feeling toward American interests has increased nationalistic propaganda against purchase of American cars. Rumors of European automobile cartels—perhaps untrue—reflect the current attitude. Higher tariff duties, quotas and other restrictions on imports are planned.

The automotive industry in the United States is not greatly worried. Its branch plants abroad are expected to get their share of the market whatever happens.

This group includes Julius Rosenwald, Sears-Roebuck; Henry Ford; Clarence M. Wooley, American Radiator; Walter Teagle, Standard Oil of New Jersey; Owen D. Young, General Electric; Matthew S. Sloan, New York Edison; E. G. Grace, Bethlehem Steel; Alfred P. Sloan, Jr., General Motors; Walter Gifford, A. T. & T.; Samuel W. Reyburn, Lord & Taylor; J. I. Straus, R. H. Macy & Company; E. J. Kulas, Otis Steel; A. W. Robertson, Westinghouse; Redfield Proctor, New England Council; Henry M. Robinson, California Development Board; P. H. Gadsen; E. T. Trigg, George Laughlin.

Industry ► New England Sees Itself; Diversifies, Must Rebuild

NOT a little proud were members of the New England Council when they gathered at their fifth annual meeting, told New England's business men that home industry has "gone modern." Yankee conservatism no longer dominates industry; initiative has stepped ahead and ingenuity has not been lacking.

Significant new trends: "Only Middle Atlantic states outdistanced New England in industrial gains in 1926 and 1927. . . . The textile industry, distinctly revived, is no longer New England's first industry; metals have stepped ahead, now are 31.9% of all manufacturing, thus leading textiles by 5%. . . . Aviation has boosted manufacturing in the region: more than 175 companies are now making parts, accessories, or equipment. . . . Shoe factories produce one-third the shoes in the United States. . . . Figures for the first eight months of 1929 show an increase of 9% in industrial activity over last year."

Presented at the conference, and basis for important resolutions, was the report of the survey of New England manufactures made recently by a party of McGraw-Hill editors. Coming on the fifth anniversary of New England's program of industrial readjustment to new economic trends, the report summarized achievement, criticized certain backward industries, suggested new improvements. Coming from specialists in industrial management, metal industries, textiles, process industries, food industries, transportation, who can base judgment on previous tours, the report received serious consideration.

Motor-busing through New England in late October, the editors visited 68 factories, in 51 cities scattered through the six states. The trip was their own idea—annually they study one region intensively—but the New England Council planned the itinerary.

Scrutinizing carefully standards of mechanization and management, plant and equipment, materials handling—the survey found 11 favorable factors:

1. Diversification—undoubtedly outstanding. A surprising proportion of New England industrial cities are in themselves highly diversified and trending steadily in that direction. 2. Excellence of workmanship of skilled labor. 3. Progressive mental flexibility in industrial management, through many younger executives who sense the growing importance of mechanization. 4. Rapidly expanding use of specialized equipment. 5. Conspicuous progress in the application of research to the utilization of byproducts and the development of markets. 6. Advanced personnel work in organized trade schools, shop councils, recreational provisions. 7. General prosperity of industrial workers. 8. Net gain in number of industries and employees. 9. Improvement in new buildings in most industries. 10. Improved railway transportation. 11. Growth of electric power.

Surprise to the touring editors were the conspicuous examples of industries —largely older ones—that have failed to keep up with the general New England progress.

Outstanding is the staggering burden of old buildings—some of them more than 50 years old, and unadaptable to the efficient arrangement of modern machinery.

Almost as serious is the problem of obsolete machinery. Forests of overhead belting and heavy friction load were extravagances in the eyes of trained factory men; badly distributed lights, lack of progressive assembly arrangement, were pointed out as hindrances to safety, speed, skilled workmanship. The use of modern methods for material handling, while ingeniously developed in some plants, is in general in a backward state.

In contrast to the advanced labor policies in certain industries was the old-time paternalism of others—long hours of work, poor provision for safety, crude methods of hiring and firing.

Looking to the future in the experience of the last five years and with the suggestions of the survey fresh in mind, the Council stressed for the coming year a continuing "industry-education" program to give New Englanders a true interpretation of economic developments; business institutes where manufacturer and retailer exchange ideas, discuss results of cooperative research; moderate but appreciable expansion for 1930.

Wide World Photo

HOW MANY CAN YOU IDENTIFY?

When these men met with President Hoover at the White House for another of the President's business conferences, they formed probably the most imposing assemblage of American business men and industrialists ever gathered together.

Agriculture ► **Too Many Layers Were Broilers**

WHILE there is no danger of a real shortage, there are fewer dozens of eggs in storage this year than in any of the last five. Experts give no one reason but say that the supply of eggs at a given time reflects in a very definite way the condition of the poultry market in preceding periods.

Thus, the unusual activity of the poultry market last season has resulted in a curtailment in egg production. High prices following a shortage of eggs would make it more profitable for chicken farmers to withhold their hens from the market; hence, periods of reduced egg supplies are usually followed by restricted poultry markets.

According to official reports, 1,351,000 fewer cases of eggs were being held in storage on October 1, than at the same time last year. The shortage amounts to 923,000 cases over a five-year average.

But the warehouses that hold dried and frozen eggs imported from China have 9,000,000 pounds of these eggs stored in bond. This equals a normal year's import.

Shanghai stocks of dry yolk have been exhausted; good cargoes of dry albumen are not to be had. Because of war threats in China, shippers are striving to get their eggs over to this country as fast as possible.

Steel ► **Structural Group To Sin No More**

ONE more great industry has fallen in line. Structural steel fabricators, once notoriously individualistic, have defined and repudiated the unfair trade practices which have undermined their business.

The convention of the American Institute of Steel Construction in Biloxi, Miss., held a session led by Judge W. E. Humphrey, of the Federal Trade Commission, heard recommendations by a committee appointed last December, voted that the following practices are unlawful and should be stopped: (1) Substitution of materials inferior to those specified; (2) use of unlawful methods of manufacture and erection; (3) selling below cost to injure competitors; (4) dumping; (5) secret payment or acceptance of rebates and concessions; (6) dissemination of false or misleading information relating to a competitor or his products; (7) submitting a bid after a contract has been let to injure a competitor; (8) price discriminations.

The session held the following to be lawful but uneconomic and injurious to the industry: (1) uneconomic and unsafe designs; (2) misleading promises of delivery and performance; (3) submitting bids without invitation; (4) reopening bids by contract-letting agencies.

Resolutions will be referred to the Federal Trade Commission for an opinion; then offered for formal acceptance by members. The industrial importance of this group is so great that its stride towards better commercial relations should have a far-reaching effect.

CAN BUSINESS BE STIMULATED?

These men think so, and have promised to do their share. They are the railroad executives and government officials who met with President Hoover at the first conference on the economic situation.

International Photo

WILL THEY WORK?

Because of fire hazards, Texas oil companies forbid employees to carry matches. They keep electric lighters in remote sections of fields for benefit of smokers

Radio ► **Money in Radio? Here's How Much**

HOW much money do radio dealers make?

Radio Retailing answers this question from a study of 109 dealers—a cross-section of the industry. Ninety-nine of the 109 made money in 1928, and one broke even. Twenty-three made less than 5% on their sales volume; 30 made from 5% to 10%; 24 from 10% to 15%; and 22 over 15%. Of the 46 dealers making more than 10%, 30 had volumes of less than $50,000.

Measured by volume of sales, the stores doing a business of more than $100,000 had profits of 8.3%; $50,000 to $100,000 sales, 7.8%; less than $50,000, 8.4%.

Wide World Photo

Left to right, front: Agnew T. Dice, president, Philadelphia & Reading; Richard H. Aishton, president, American Railway Association; Robert P. Lamont, Secretary of Commerce; Andrew W. Mellon, Secretary of the Treasury; Hale Holden, chairman of the board, Southern Pacific; L. F. Loree, president, Delaware & Hudson. Standing, left to right: Jeremiah Milbank, director, Southern Railway; J. J. Barnet, president, C. & O.; P. E. Crowley, president, New York Central; J. J. Pelley, president, New Haven; Fairfax Harrison, president, Southern; Fred W. Sargent, president, Chicago Northwestern; A. H. Shaw; Julius Barnes, chairman of the board, U. S. Chamber of Commerce; William Butterworth, president, U. S. Chamber of Commerce

Utilities ►

"Not At War," Say Coast Gas And Oil Rivals

OFFICIALS of the Standard Oil Company of California and the Pacific Gas and Electric Company deny that they are embattled for control of the natural gas market of northern California; say that the traditionally friendly relation between their companies still exists.

The situation appears to be simply this: When the first wells in the rich Kettleman Hills field began producing large quantities of natural gas, officials of Pacific Gas sought to make them a source of natural gas for the San Francisco Bay region to supplant artificial gas at lower rates. Construction of a pipe line followed and, upon its completion, a second was started. The second line will be completed in the spring of next year, after which straight natural gas will be supplied to all consumers in the Bay area. Pacific Gas has been securing franchises in cities and towns not already served and trying in other ways to develop a market for natural gas.

During June of this year, there developed a situation unforeseen by either the oil producers or the public utilities. Alarmed at the terrific waste of natural gas, the last California legislature passed a law, effective August 31 last, that prohibits unreasonable waste of this natural resource. It will force oil producers to curtail production, to find a market for their excess natural gas or to dispose of it by storing or utilizing it themselves. This completely changed the picture.

Standard immediately took steps to find an outlet for gas and protect a market. It purchased the Coast Counties Gas & Electric Company, a small utility with headquarters at Santa Cruz, Calif., but with a gas property in the large industrial area north of Berkeley on San Francisco Bay. Through this utility Standard has been active in securing franchises in territory not now served by either company. It is this action that has led to the "war" talk.

Most significant of Standard's plans is the reported acquisition of a pipe line right-of-way through northern California, through Oregon to Portland and on into Washington to Tacoma and Seattle, approximately 1,000 miles.

The action of Standard seems to point to one thing: In pursuance of its established policy of controlling its channels of distribution to the consumer, it is now entering the utility business, not necessarily as a retailer in all cases, but as a wholesaler to existing distributors.

Government ►

To Count Sales; Not Production

THE Census of Manufactures is going to ask for *Sales* details instead of *Production* figures. To the economist, this change of base represents a revolution in thought.

The business man who must fill out the schedules will welcome it. He regularly tabulates sales figures; can probably supply them more easily than he could production data; has often given them, instead of production data, in past years. Census experts say the change will cause a variation of 1% or 2%.

Statisticians may deplore some loss of comparability with past years; will rejoice that results of the manufacturers' census are to be given in same terms as those of the census of distribution data.

Underwood and Underwood Photo

WOMEN'S RIGHTS

Greek women work with pick and shovel on new dam and reservoir at Marathon (picture shows main elevator shaft), which will furnish Athens with drinking water. American engineers handled the project

Rubber ► **One Big Union Or Small Groups**

RUBBER producers are again discussing the universal farm problem of controlling surpluses. The Dutch Rubber Company proposes an association to take over the surplus until it can be disposed of at a favorable return. The balance would be marketed as usual by the producers. The price would be stabilized by the removal of the surplus. That is the argument.

The British are not enthusiastic. The *India Rubber Journal* says, "The great defect of the scheme in its present form is that there is no provision for placing restraint either on production or exports." The Stevenson plan for restraining exports by a sliding scale of fines did not work.

The British make a counter-proposal. A committee of the Rubber Growers' Association recommends the formation of selling groups, each controlling about 4,000 tons production a year. A central selling agency is declared impossible; too many nationalities are involved. The formation of separate groups would reduce number of selling units about 90%. The groups would be strong enough, says the committee, to keep their marketing policies free from the pressure of financial stringency and thus hold "distressed lots" off the market.

The rubber growers have faced the alternatives presented to our own farm leaders. One is to level out production to prevent the succession of the gluts and famines that play havoc with prices. The other is to leave production free and stabilize by removing the surpluses from the market. The British plan is a compromise between the two.

The trouble is, despite present world overproduction and falling prices, every group—native, Dutch, British, American and all the others—continues to plant as rapidly as it can clear. The Sumatra government is even encouraging colonization from Java and Borneo, with resulting decrease of copra and coffee production to check labor scarcity in its rubber industry. Efforts of American plantation laboratories have already increased yield per acre from 355 kilos, in 1922, to 557 in 1928. Results of their work on seed selection and early nurture of trees should push production up to 1000 kilos per acre by 1936.

Each competitor has two hopes: (1) that new uses will be found to create bigger markets, and (2) that he will be able to sell his product even if someone else has to stop selling.

Fishery ► **Maine To Collect On Canadian Tax**

PORTLAND and Bangor, perhaps other American ports, may benefit by a Canadian fishery law that goes into effect April 1, 1930. Steam trawling vessels must then pay a tax of a cent a pound to trawl for cod, haddock, and halibut in Canadian waters. The tax is levied when the fish are landed at Canadian ports. Canada wants to cut down trawling, objected to by off-shore fishermen, but trawlers built in Canada get a rebate of ⅓ cent a pound.

Wide World Photo

HE CHIDED STATESMEN

Fred I. Kent, New York banker, summoned to testify before Senate Lobby Investigating Committee because he said that Senators' dilatory tactics on tariff had contributed to market crash

Distribution ► Business Waits the Merchant's Move

A BIT of serious thought, some sane reasoning, and a sincere desire to accomplish good brought favorable results at last week's Management Conference of Ohio business leaders. Called originally to discuss the trend in industrial consolidations, the delegates at the last minute decided to air their views on the position of industry and trade following the stock market collapse. What they found uppermost in their minds when they got together was the changing problems of distribution. What they decided was that the complexities of distribution have become so much greater than those of manufacturing that the responsibilities for maintaining business on an even keel now rest with the merchant. This time the manufacturer and the banker must wait his move.

Cross-section of opinion:

Saunders Norvell, president of Remington Arms: "Distribution is today in about the position that the railroads, public utilities, and banks occupied during the days of rate wars, unregulated competition, and money panics; stabilization can come only when small trade associations bring about general understanding on 'the rules of the game.' "

W. T. Grant, chairman of the Grant chain stores: "Industrial coordination is a restorative for prosperity. It consists in simplifying the relationship of producer and consumer and seeing that savings flow into greater purchasing power on the part of people of low incomes."

W. T. Holliday, Standard Oil of Ohio: "The most important phase of management is coordination of human resources through training, scientific compensation, sympathetic attention to mental states."

Retailing ► For Christmas Eve Shoppers

NO need to "Do Your Christmas Shopping Early" in Boston. A combination telegraph, cable and airplane shopping service at Jordan-Marsh's makes it possible to purchase last-minute gifts and have them delivered on time anywhere at home or abroad.

This unique service covers every type of merchandise carried in a department store. The shopper simply goes to Jordan-Marsh's, pays the telegraph or cable or air mail charges plus the price she wishes to spend on a gift, and the store completes the transaction through a working arrangement with stores in American and foreign cities. There is no service charge, and the gift is holiday-wrapped with card enclosed.

As for expense, the cable charges usually amount to less than would the duty on a gift sent abroad; the domestic wire costs no more than would parcel post and insurance fees on a mailed gift. Airplane service, while coming a little higher than regular mail, halves the time.

Retailing ► What It Costs to Take Goods Back

WOMAN'S right to change her mind is a costly luxury. The direct cost to a department store of a "return" ranges from 31.8 to 61.6 cents per transaction.

There are four types of such "returns": (1) Authorized by floorman through department where the goods were purchased; (2) returned by customer to central exchange and adjustment department; (3) telephone returns, called for by driver; (4) returns by mail, handled by the exchange department.

Each has its own handling cost changed according to whether the sale was on a cash or charge, send or take basis. The cheapest sale-return is a cash-take sale returned to the floorman in the department in which the purchase was made; the most expensive is a charge-send sale brought back to the exchange department. These are the findings for a "typical" department store investigated by the Ohio State University's Bureau of Business Research.

The three months' record for the store studied gave an average of 508,617 sales transactions per month. Of these, 73% were cash sales; 26% credit; less than 1% C.O.D. and deposit payment sales. Returns amounted to 7.11% of credit sales; 1.35% of cash sales; 29.62% of C.O.D. and deposit sales. Authorization of the return was the most expensive step in the process.

P. & A. Photo

AFTER THE EARTHQUAKE

Twelve North Atlantic cables were broken by the recent earth tremor. A repair ship is here bringing up a loose end

39% Revise Systems

IN the November 9 issue of THE BUSINESS WEEK a report from a wage incentive survey by the Sherman Corporation stated that 39 firms have revised systems. This should have read 39%.

Shipbuilding ► New Liners Will Boom Yards, Stiffen Competition

PRESIDENT HOOVER'S program of business stimulation has helped to cut the red tape which has tied up the award of ocean mail contracts and new ship construction loans. Bids will be asked within a few days for mail contracts on thirteen ocean mail routes. Successful bidders will be required to construct within ten years 40 new vessels to cost approximately $250,000,000. Keels of 17 of these vessels must be laid within six months, the vessels completed within three years.

Postmaster General Brown acted on recommendation of the Interdepartmental Committee on Mail Contracts. In September the committee recommended further awards should be held back until the Jones-White Merchant Marine Act could be clarified. It provides mail contracts shall be awarded to the lowest responsible bidder, but many vessels have been sold by the Shipping Board with the assurance that the purchasers would get mail contracts. Others submitted lower bids. Buyers of Shipping Board vessels, including the United States Lines, were up in arms. They felt they could not operate the ships without mail contracts. The United States Lines had proposed to build two ships larger than the Leviathan if it could be sure of mail contracts.

This difficulty has been partly overcome, because the routes on which the Department will ask for bids include those on which the United States Lines operate. Other lines which have purchased Shipping Board vessels will probably also be able to get their mail contracts if they provide ships conforming to Shipping Board specifications.

These contracts will bring governmental mail subsidies for the thirteen routes in question to $10,000,000 a year, double the amount the government is now paying. United States Lines will receive about $600,000 annually in additional mail compensation, making a total of $2,500,000. Purchase by the United States Lines of the America-France and American Diamond lines from the Shipping Board hinged upon the award of mail contracts. With these vessels the company would be entitled to annual mail pay amounting to $3,500,000.

The American Merchant Marine doubtless needs faster and more modern ships, but a big shipbuilding program of this kind will probably intensify international shipping competition.

Finance ► Supreme Court Upholds Gift Tax

THE Supreme Court last week upheld the constitutionality of the recent Federal gift tax. While the tax was repealed in 1926 after being effective but two years, a number of cases under it remain in the courts. The court's ruling will be applicable to them. It is also important that the principle is upheld; some day Congress may want to levy the tax again.

The gift tax was passed in 1924 in an effort to prevent evasions of the federal estate tax and to obtain fuller results from the income tax upon sale of property. The plan proved rather unsatisfactory and its constitutionality was widely questioned. Other methods were found to solve the problems, and with the tax reduction in 1926 it was abolished.

Opponents argued the tax was direct, not apportioned as required by the Constitution, that it lacked uniformity and deprived individuals of property without due process of law. Supreme Court holds the tax to be indirect and not direct, in the impost or excise class, not contrary to the Constitution on other points raised.

JACOB B. ECKFELDT

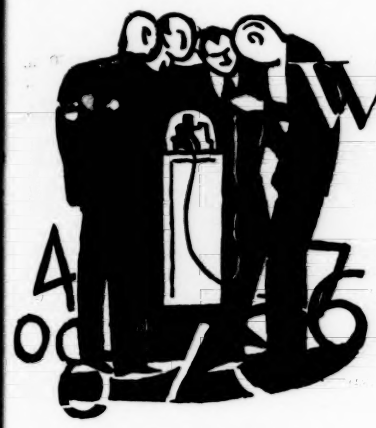
None but an Eckfeldt has ever been Assayer of the Philadelphia Mint. The first, John Jacob, was appointed by George Washington when the Mint was established in 1794. The last, Jacob B., 84, grandson of John Jacob, has ended the family tradition by resigning after sixty years' service

Copper ► Says Bears Alone See Price Break

A SUDDEN, mysterious fall in copper quotations last week started the New York Stock Exchange on the trail of rumors about forthcoming reductions in metal prices. Interviewed by THE BUSINESS WEEK, Cornelius F. Kelley, president of the Anaconda Copper Company, labeled these machinations accompanying a vigorous, and momentarily successful bear raid on copper shares. . . cited in example London cables telling of rumors there that the Pennsylvania Railroad had contracted for all the metal required for its large electrification project at 15 1-2 cents a pound as against the prevailing price of 18 cents. Obviously absurd, said Mr. Kelley, since the railroad has not yet bought a pound.

Anaconda's president sees no prospect of a price drop. He adds that competition from British Rhodesian mines and the Belgian properties of the Union Minière du Haut Katanga will not begin to count for a long time.

Mr. Kelley pointed out that recent published statistics of production included returns of scrap which have been unusually heavy since timid holders have been selling their stocks as rapidly as possible. Requirements for railway electrification, for public utility expansion, balanced against bear maneuvers and propaganda, show fundamental conditions to be sound, he says.



What the Figures Show

THE latest week's business indicators still show considerable strength. It is obvious that a gradual business recession is in progress, but it is slow and orderly and shows no signs of being greatly accentuated by the results of the stock market crash. On the whole, basic industrial activity, as is usual, appears to be slackening more than general trade.

Steel ingot production for the industry as a whole fell again about two points to 69% of capacity as compared with 71% the week before and 83% last year. This is somewhat in contrast to the movement a year ago, when there was a slight rise in activity at this time. The Steel Corporation is running at 70% as against 72% in the preceding week and 82% last year. Independents are busy 68%, and as compared with the 70% of a week ago and the 84% figure for last year, are holding up fairly well. The sheet mills are at the lowest level, but railroad demand is keeping rail and equipment steel producers fairly active. Structural steel awards fell off somewhat for the week but are still a strong factor in the situation. Automobile demand is now at a low ebb, and is not expected to improve this year.

The daily average of general building contract awards rose somewhat for the week but is considerably below last year's level. Heavy engineering construction work, according to *Engineering News-Record* figures, fell off sharply for the week ended November 28 and were less than one-half those of the corresponding week last year.

The rate of bituminous coal production has showed a decline for the week and is below last year's level. Since coal production is normally on the increase at this season, this may be some indication of general slackening in industrial activity.

The rate of petroleum production increased slightly for the week and is still above last year.

The general figures for industrial production in October issued by the Federal Reserve Board show that, while a decrease of somewhat more than 3% took place from September, the October level was about 7% above last year.

There were some signs of strengthening in commodity prices this week. The movement of wheat and cotton is irregular but wheat is about at last year's level and cotton considerably below. Export demand continues unsatisfactory for both. The iron and steel composite showed no change but scrap prices continued to weaken considerably. The copper price is nominally steady, but there is considerable uncertainty about how

FIGURES OF THE WEEK

(Compiled with the co-operation of the Survey of Current Business)

PRODUCTION	Latest Week	Preceding Week	Year Ago
Steel Mill Operation (% capacity)	69	71	83
Building Contracts (F. W. Dodge, daily average in thousands)	$12,717	$10,754	$18,201
Bituminous Coal (daily average, 1,000 tons)	1,760	1,847	1,821
Petroleum (daily average, 1,000 bbls.)	2,633	2,620	2,505
TRADE			
Car Loadings (daily average all classes, 1,000 cars)	164	175	176
Check Payments (outside N.Y. City, millions)	$ 7,402	$ 6,559	$ 6,909
Wheat Receipts (1,000 bushels)	4,502	5,952	8,658
Cotton Receipts (1,000 bales)	566	688	689
Cattle and Calves Receipts (1,000 head)	349	388	359
Hog Receipts (1,000 head)	615	561	624
Wool Receipts (1,000 lbs.)	3,648	4,129	1,980
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	*	$ 1.13	$ 1.14
Cotton (middling, New York, lb.)	$ .177	$ .173	$ .203
Iron and Steel (composite, ton)	$35.97	$35.97	$36.13
Copper (electrolytic, lb.)	$ .178	$ .178	$ .158
All Commodities (Fisher's index, 1926-100)	92.2	92.6	97.3
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$17,861	$18,115	$16,097
Commercial Loans, Federal Reserve member banks (millions)	$ 9,871	$ 9,746	$ 8,993
Brokers' Loans, New York Federal Reserve member banks (millions)	*	$ 3,587	$ 5,290
Federal Reserve System Ratio	*	71.2	65.2
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	14,362	27,491	30,350
Stock Prices (N.Y. Times, average 50 stocks)	$199.37	$179.69	$224.07
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$71,048	$82,213	$46,672
Bond Prices (Dow, Jones, average 40 bonds)	$ 92.82	$ 92.46	$ 96.83
Interest Rates—Call Loans (daily average)	4¼%	5⅞%	6½%
Interest Rates—Time Loans (daily average)	5½%	6%	7%
Business Failures (Dun, number)	472	404	476

*Not available on account of holiday

long it will hold under the hand-to-mouth buying now prevalent. Export demand shows some improvement. Cement prices were advanced, probably in response to the prospect of increased demand arising from construction programs growing out of the President's conferences.

Fisher's all-commodity index showed a further slight decline for the latest week, but the index of the National Fertilizer Association for the week ended November 23 showed an advance for the first time in more than two months. The chief factors in the advance were grains and cotton. It is likely that these have reached the low point and will advance materially during the next few months, but non-agricultural commodity prices will probably see further downward pressure for some time.

The general trade indicators are fair. Agricultural marketings, except of wool, are below last year's level for the week but fairly steady. The daily average of total carloadings declined for the week and is below last year. The total, however, is still above the 1927 level.

Check payments outside New York City, however, were considerably higher than in the preceding week and are still running above last year. Commercial loans of Federal Reserve member banks are also up. These facts suggest a fairly good volume of general trade.

Business failures rose for the week but are no higher than last year at this time.

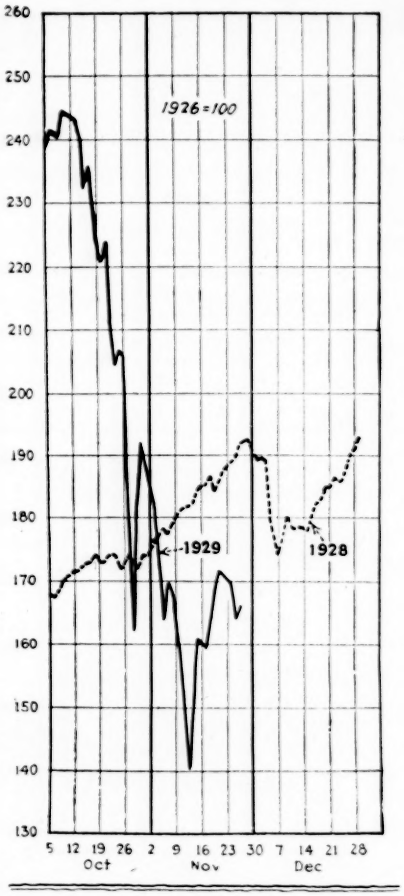
Money and the Market

THE stock market moved irregularly downward this week; trading entered the doldrums. Sales averaged considerably less than 3,000,000 shares per day for the three days the exchange operated. They were 5-hour days after several weeks of 3-hour sessions. The market will continue on the full 5-hour schedule when it reopens on Monday after the 3-day Thanksgiving holiday.

Several factors contributed to market lethargy. Many customers preferred to wait until after the long holiday before making commitments. There was some selling of stocks bought to support the market during the crash. The Exchange

THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)



stopped its daily bear investigation reports without making results public and some bear selling took place. Last week's sharp rise was followed by considerable profit taking.

The news that came to the Street during the week was not particularly good. Copper stocks were badly unsettled by troubles—and by rumors—in the metals markets. Carloadings again decreased; steel operations were off. The first group of railroads to report earnings for October showed a decrease for the first time in many months. The Department of Justice disturbed motion picture stocks by its Clayton Act suits against Fox and Warner Brothers. The Hoover conferences were the only decidedly favorable factor.

With the situation shaping as it is, continuance of small volume of trading with prices irregular and perhaps downward seems likely for the near future.

Money rates held at about the levels of last week. A marked increase in the demand for cash and credit to take care of holiday trading began to be felt this week. This will continue until after Christmas. Due to this seasonal demand money rates are unlikely to get much below their present levels until after the turn of the year.

Continued gold exports are also tending to tighten money. The franc has been at the gold export point, and other foreign exchanges have been strong during the week. Considerable shipment is now taking place and probably will continue. The gold is rather badly needed in Europe, and we can lose a considerable amount without worrying.

The Federal Reserve system is the *x* in the picture. But it will probably balance gold shipments by releasing funds to the market. The holiday demand for increases in currency and credit will be partly, perhaps fully, met.

The Treasury Department definitely indicated this week that a part of its regular December 15 quarterly financing would be done through use of the new bills authorized by Congress in early summer but not heretofore used. Financing by the Treasury will run to between $600,000,000 and $700,000,000. Maturing obligations of about $725,000,000 will be met.

What proportion of the financing will be done with bills and what with certificates has not been indicated. Announcement may be expected within a week or ten days. Bills will be for a short term, and will be sold at a discount. They will supplement the certificates, which usually run from 3 to 18 months. By selling the bills at a discount, the Treasury will let the bidders determine the rate of interest, in place of setting an arbitrary rate itself. This first issue, something of an experiment, will be watched with keen interest.

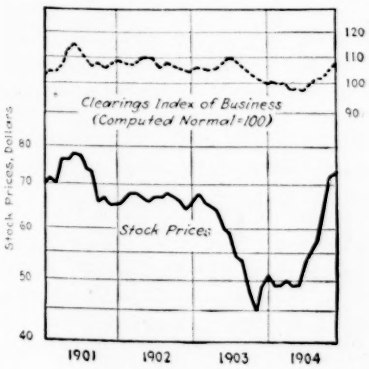
Member bank credit continued to decrease this week, being off now by $919,000,000 in three weeks. All of this has taken place in loans on securities, where the decline has totaled $1,188,000,000 in the same period. Both commercial loans and investments have increased.

Bearing On Bear Markets

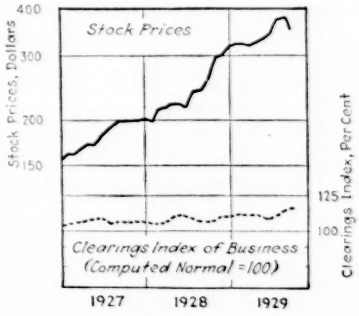
WHAT was said in the last issue of THE BUSINESS WEEK about the virtues of hindcasting as a basis for forecasting applies far more to general business activity than it does to the stock market. The production and distribution of goods and services rests upon fundamental human needs. It is affected, certainly, by external circumstances, especially by credit conditions; but it cannot swing very far from its orbit of regular growth because a vast and constantly increasing population has to go on working, buying things, building houses, factories, roads in some amount year in and out, without any long interruption or marked change in the total. So great is this momentum of human habit and need that even the most profound and extensive disturbances of war or breakdown in the financial system do not for more than a few weeks at a time alter the sum total of business activity by more than a few per cent.

THE same things cannot be said of financial activity, and especially of trade in securities. Of course, they never cease altogether, because they are more and more inseparably interwoven with other business; but they fluctuate over an extremely wide range at all times, and are affected violently by such psychological factors as the fears, hopes, imaginations of those who are involved in them, and by circumstantial external events.

In a general way financial activity and security prices may be related to changes in business conditions, but the correspondence is shifting and uncertain, and it can never be known whether they forecast or merely record the business movements with which they are associated.



Extent of this correspondence may be seen in the charts on this page, in which Carl Snyder's index of bank clearings or debits—the most general measure of business activity—is compared with the monthly high figures of the Dow, Jones average of industrial stock prices in each of the four-year periods covering the major market declines in the past thirty years, excepting those preceding the outbreak of the war and in 1917.

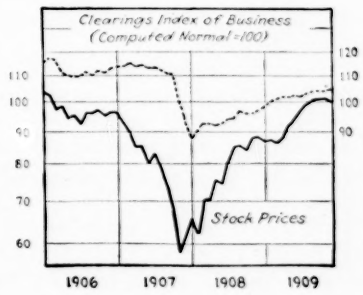


ROUGHLY, the rise in industrial stock prices in the twenty-seven years preceding the beginning of the last great bull market in 1923 was at the average rate of about 4% per year, approximately the same as the average annual growth in general business.

The rise since 1923 has been at the rate of 40% per year, or ten times as fast, while general business has grown at no more than its normal rate.

Since the last bull market—the longest on record—was thus a complete violation of precedent, what does precedent indicate about the succeeding bear market this time?

The bull markets since the beginning of the century have averaged more than twice as long as the bear markets. The average length of seven major bull swings is about thirty-five months, that of seven major bear swings fifteen months. The 1923-1929 bull market was twice as long as the average.



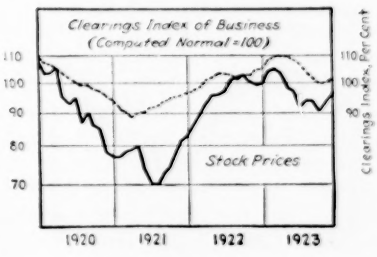
The bear market in 1901-1903 really ran for about twenty-eight months. The decline in 1901 was followed by more than a year of irregularity, and the real slump came in 1903 before the succeeding bull market got under way. Business was above normal until early in 1904.

The 1907 decline really set in at the beginning of 1906, and was followed by six months of irregularity before the sharp slump of 1907. Here again business was above normal throughout the early stages of the bear market, and the real recession began after the secondary relapse in the stock market had set in.

The 1920-1921 movement was more concentrated. From the peak in late 1919 the decline ran for a full year, followed by six months of irregularity, and then by a further sharp relapse in the summer of 1921. Business reached its lowest point only with the second decline.

IN all these bear markets the initial decline was followed in six months to a year by a further and more drastic slump before a new bull movement got under way, and it required from four to five years to bring prices back to the peak from which they fell. Fluctuations in general business were comparatively small.

The bear market of 1929 has run only three months. We know the bear began to creep at the beginning of the year, but he did not show himself in the averages till early in September, when the all-time peak was reached. The initial decline was much faster than ever before, but not larger, and has been followed by a considerable rally, while the slackening in business is not yet marked. A good hindcaster will wonder whether we have yet seen the bear's tail.



Steel mills are running at 70% capacity. • 1930 will not be as big a year as 1929. • But 1929 is a towering peak—12% over 1928, the previous record year. • Some lines, notably automobiles, have over-produced, will buy less steel in 1930. • Exports are developing most encouragingly. • Railroad buying is huge just now. • Shipbuilding, heavy construction, agricultural implement manufacturing also are taking large tonnage. • U.S. and Bethlehem are enlarging capacity—evidently do not believe the industry is through growing.

The Steel Industry in 1930

Iron-masters look forward to a good, but not a record year

THE steel industry is now operating at about 70% of capacity. Among individual producers output has fallen off in proportion to their dependence on the automotive industry. In the Youngstown district, for example, steel ingot production is down as low as 50%. Mills rolling rails and heavy rolled products used in railroad car manufacture, heavy building construction, and shipbuilding are running at 72% to 75% of capacity.

It is probably too early to ascertain how far business recession will affect the industry. Caution among buyers already has appeared, but the buoyancy of certain lines despite the shock of the stock market crash has done much to restore confidence. The railroads have continued to buy steel at a good rate; structural steel business has been maintained; agricultural implement makers have further increased operations; and shipbuilding programs are going ahead without interruption.

Railroad purchases have proved a very important support of the steel industry at a time when it has been suffering from sharply reduced consumption of materials by the automobile industry. Rail buying came earlier than usual this year. Orders, which are ordinarily spread over fall, winter and spring, have been concentrated, giving the mills an excellent backlog to fall back upon during the period of readjustment among motor car manufacturers.

Rails bought to date for 1930 laying total 1,500,000 tons, and it is estimated that only 750,000 tons remains to be ordered. Railroad equipment buying has been the best for any year since 1924 and, according to present indications, will continue to be very active for some time. Freight cars bought in 1929 will number more than 100,000, calling for 1,250,000 tons of finished steel.

HEAVY construction has not yet been adversely affected. Fabricated structural steel awards for October totaled 342,650 tons, compared with 319,550 tons in September. Lettings for the first ten months of 1929, at 3,299,450 tons, exceeded the total for all of 1928, the previous annual record. Demand has held up well thus far in November. Major contracts for the past week, at 41,000 tons, were fairly large, and fresh inquiries amounted to 60,000 tons. The release of both private and public work, as a result of the President's conferences, will further stimulate construction. Federal, state and municipal budgets, originally estimated at $1,125,000,000, will probably be doubled, according to Washington advices.

Shipbuilding yards on the Atlantic Coast are the busiest in 15 years, and are booked ahead for five or six months. Much additional work is in prospect. The Post Office Department has announced it will soon advertise for bids for mail contracts which will result in the construction of 40 vessels, requiring a total of 460,000 gross tons of steel.

The automobile industry, which con-

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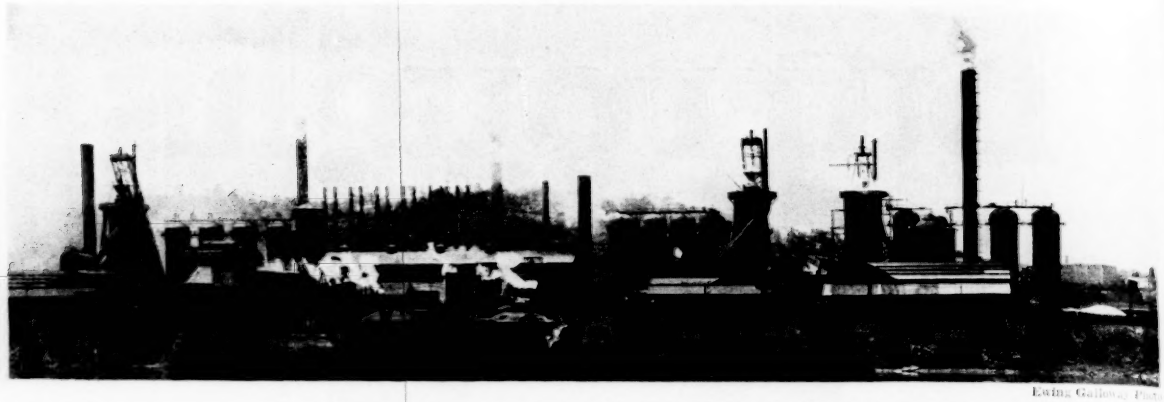


Ewing Galloway Photo

The Steel Industry in 1930

sumed nearly a quarter of all the finished steel made in the first six months of this year, was already suffering a slump when the stock market crash took place. Steel men do not look for good business from manufacturers of radios and domestic appliances, such as electric refrigerators and washing machines.

THE outlook is for a less active steel industry in 1930 than in the year now closing. But steel ingot production in the first 10 months of 1929 was greater than in any full year except 1928, and total output this year will surpass the 1928 figure by at least 12%. If there has been overproduction this year, that fact has not been apparent in inventories of steel in the hands of users. Since prices were not inflated, there was no accumulation of stocks such as characterized the situation in 1920. It is fairly clear, however, that there was overconsumption in certain lines, notably automobiles, and the unduly expanded requirements of such manufacturing consumers of steel were translated into a corresponding increase in the activity of the steel producers. A reaction was already getting under way before the stock market crash occurred and, in fact, may have helped bring it about. It is now assumed that the reaction will be of longer duration than would have been the case had not Wall Street liquidation taken place. This view may have to be somewhat revised in view of the business activity that promises to arise as a result of the President's conferences.

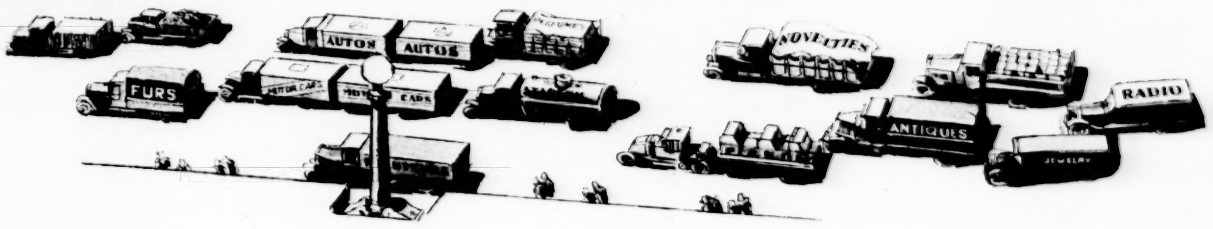
At this juncture it is difficult to say whether the steel industry is burdened with surplus capacity. For years after the 1921 depression the chief complaint of steel producers was that there was too much capacity. As late as last spring, Charles M. Schwab counseled the American Iron and Steel Institute against overexpansion of plant; yet for the first nine months of this year steel producers were hard put to keep up with demand. Moreover, a change of viewpoint among steel makers themselves is indicated by the fact that Mr. Schwab's own company has announced a large expansion program and a still greater construction project has been undertaken by the United States Steel Corporation.

NEW uses for steel are constantly developing and with growing buying power of the public are being rapidly translated into increased demand on the mills. Export markets are also developing in a reassuring fashion. Exports of iron and steel in the first nine months of 1929 were the largest since 1920. The amount of steel going into manufactured products for shipment abroad is showing a particularly gratifying increase. Automobiles have replaced cotton as our leading export item, and shipments of farm machinery, machine tools and other equipment to foreign lands have expanded appreciably. The Americanization of the world is resulting in a mounting demand everywhere for manufactured products that distinguish American civilization.

The coming year will undoubtedly see an increase in the interest of the large steel companies in the manufacture of specialties (alloys, rustless iron, etc.) although such interest at the present time is slight. A few of the smaller companies have already entered this field to some extent, but production is not yet a tonnage proposition. The specialty market, however, is a promising one.

An important factor in 1930, as in the past, will be the replacement of obsolete equipment in the steel mills. No sudden or widespread activity is expected, but the "modernization" impulse, which is being felt increasingly in all industries each year, is expected to gain momentum in the steel industry during 1930.

The Big Fellows are Going to Advertise



APPARENTLY the larger companies will spend as much for advertising during 1930 as they spent in 1929.

Advertising has developed beyond the stage where it is considered a point for retrenchment whenever conditions become uncertain.

There is going to be a keener analysis of markets in 1930 and perhaps a shift in appeal to emphasize any saving in price. Such a step would tune the copy to the psychology of the moment.

THESE are the findings after a wide inquiry. THE BUSINESS WEEK interviewed advertising executives, men who prepare copy, and the men who pay the bills. There is a surprising unanimity of opinion. Advertising is necessary to modern selling. The stock flurry has left its position as strong as ever.

Dr. Julius Klein, Assistant Secretary of Commerce, declares that since there is some question as to the future, now is the time above all others for careful market analysis. Facts so discovered will indicate if changes are necessary in advertising media or advertising appeal. He raises the question that is now troubling many company officials:

"Will there be any tendency to reduce advertising appropriations, on the mistaken assumption that this is one way of saving money and that changed conditions may make the buying public somewhat less responsive to advertising appeal?

"We most certainly hope that nothing of the sort will occur. Advertising should go ahead with all of its characteristic force. This is not to say that it should be extravagant—and there may be some scrutiny, at least, to determine whether wasteful practices have crept into that field. . . . At this time any appreciable let-up in advertising programs would be unquestionably injurious."

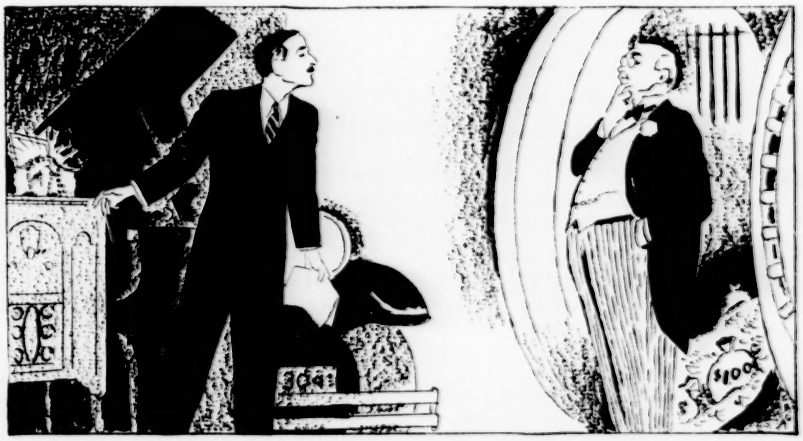
BRUCE BARTON, in a statement prepared for THE BUSINESS WEEK, points out that advertising has become a necessity in distribution. "Advertising is not a cocktail," he declares, "it is three meals a day."

Mr. Barton is chairman of the board of Batten, Barton, Durstine and Osborn, Inc., advertising agents. Here is what he says to the business man:

"A few years ago I bought a Steinway piano. Why? Because the Steinway was advertised that year in a large list of magazines? That undoubtedly had something to do with it. But more important was the fact that when I was a kid in a parsonage in Ohio, and we received only two magazines—*The Congregationalist* and the *Century Magazine*—the Steinway piano was advertised *then*. It was put into my mind in those plastic years that the Steinway was *the* piano. So far as my order is concerned Mr. Steinway was cashing in a few years ago on some advertising money that he spent more than thirty years ago.

"I hope we are growing away from the idea that advertising is either a cocktail or a tonic—something to be taken when a business either feels very good or very bad. It is neither; it is three meals a day.

"We know that this is a growing country which, over any period of ten years, has more people and a larger spending power. We buy stocks in its strong industries. We do not try to sell them when they are high—at least I



They may spend more carefully in 1930, but they're going to spend about as much

didn't. Certainly we are not so foolish as to sell them when they are low. We put them away, knowing full well that five years from now, ten years, twenty years from now, they will be worth more.

"It is, or should be, so with advertising. The temporary state of the country's purchasing power is not the important thing. It may go off for one year, 5% or 10%. What does that matter? The important thing is to make *your* name one of *the* names that count with all the American people all the time. In poor years your advertising will be a little larger percentage of your sales volume; in good years it will be smaller. But over a period, if you keep at it consistently, it will produce.

"The most discouraging thing to an advertising man is to have a board of directors grow expansive because their stock is up ten points and then have them go into a blue funk because the stock drops down ten points. Surely we ought by this time to know American history well enough to have a longer view and a larger faith in America, and in business, and in ourselves."

SAYS Charles S. Pearce, president Colgate-Palmolive-Peet Company:

"Our advertising for 1930 will run about the same as this year's, certainly not less in volume. We see no need for changing type of appeal used in it and do not propose to do so."

Victor Fabian, advertising manager of the same company adds: "You ask if we propose to change our advertising plans in view of changed conditions. We do not see that conditions have changed as yet. So far it is all talk about changes. We see no need for changing advertising plans. Type of appeal used in our advertisements this year has brought quite satisfactory results. We propose to continue using it."

COLBY M. CHESTER, JR., president of General Foods Corporation, points out that, "After all, people must eat." General Foods is one of the giant mergers. Its brands include such kitchen classics as Postum products, Jell-O, Sanka Coffee, Walter Baker's Cocoa, Maxwell House Coffee, Calumet Baking Powder, etc.

Says Mr. Chester:

"Our advertising appropriations for 1930 will not be based on the situation in the stock market but will be based on fundamental business conditions which, in our industry, are entirely sound and exceedingly promising.

"Operating as a unit of the country's largest and most essential industry, we are facing the future with implicit confidence and are proceeding undisturbed in the work of consolidating our present businesses and in our plans for future expansion.

"The nation's business is in a healthy condition and we can see no reason, because of the essential character of its products, why this company should not maintain the upward trend which has been the consistent record of all companies forming our group."

DEALERS in necessities profess confidence in their own industries but are somewhat concerned over the prospects of those who traffick in luxuries. Ginger ale is certainly not necessary to life but the head of at least one company is undismayed by the outlook. P. D. Saylor, president of Canada Dry Ginger Ale, Inc., declares that we are likely to have a lull rather than a depression. Whatever its name, it has not affected the advertising strategy of Canada Dry.

"Our advertising campaign for 1930 was laid out about the middle of this year," Mr. Saylor said, "That was before stocks started down. We have left our plans exactly as they were."

"Are you going to spend more or less than in 1929?" he was asked.

"We shall spend more. That is to take care of the regular increase in our business. We are not adding to the appropriation because of the outlook. And as I said, our plans and appropriations stand exactly as they were fixed before the stock slump.

"I think New York people exaggerate the importance of what happened in Wall Street because so many of them were in the market. We get letters from different parts of the country indicating that a few persons in each community were hurt but that the fall in stock prices has frightened nobody.

"One letter from Arkansas says that the people who lost money in Wall Street would have got rid of it some other way if they hadn't been playing the market. Instead of making wrong guesses on stocks they would have made bad bets crap shooting or playing stud poker. The letter ends, 'We're going ahead down here'."

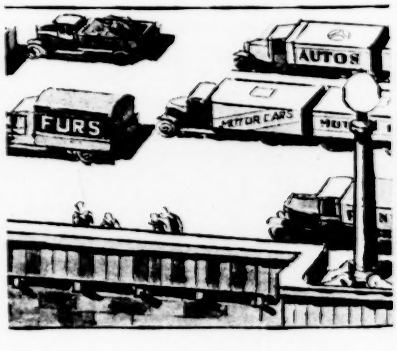
Mr. Saylor points to the experience of the Canada Dry company during the slump of 1920-21. The present management took over the concern in 1923. Canada was then feeling the backwash. While business in the United States was going back up, business in Canada was on the down grade. Canada Dry advertised consistently during the period and sales steadily improved.

Here are quotations from a letter sent by Mr. Saylor to distributors:

"We believe that if a lull does occur in business then will be the time for alert management to make hay. If and when competition starts to feel weak in the knees or hesitant, that is the time to hit hard and fast. Many American businesses have gained their leadership and dominance during a period of depression.

"Canada Dry for one at least intends to start 1930 not with less advertising and sales effort, but with more of each."

THERE are comforts as well as warnings for the advertiser in the advice of Paul T. Cherington, director of research of the J. Walter Thompson



Company, advertising agents. Mr. Cherington admits that "there are thousands of small traders who, during the past few weeks, have found themselves suddenly deprived of a substantial source of supplementary income which had become so regular that they have been depending on it, at least for luxury purchases. Probably there never has been a stock flurry before which has resulted in the sudden curtailment of the luxury income of so many people."

The wise manufacturer, Mr. Cherington says, will conserve his production and prepare for sustained advertising.

"Manufacturers of advertised articles should bear in mind that this time more than ever before there are retailers with large capital and widely scattered outlets ready to take advantage of any slackening of manufacturers' appeals to consumers by winning them into new brand allegiances."

Bankers are the realists of the business world. They have to be. Those interviewed by THE BUSINESS WEEK agree that executives are facing a period that is not going to be as lovely as professional optimists—such as brokers who want to lure the singed hordes back into the stock market—would have us believe.

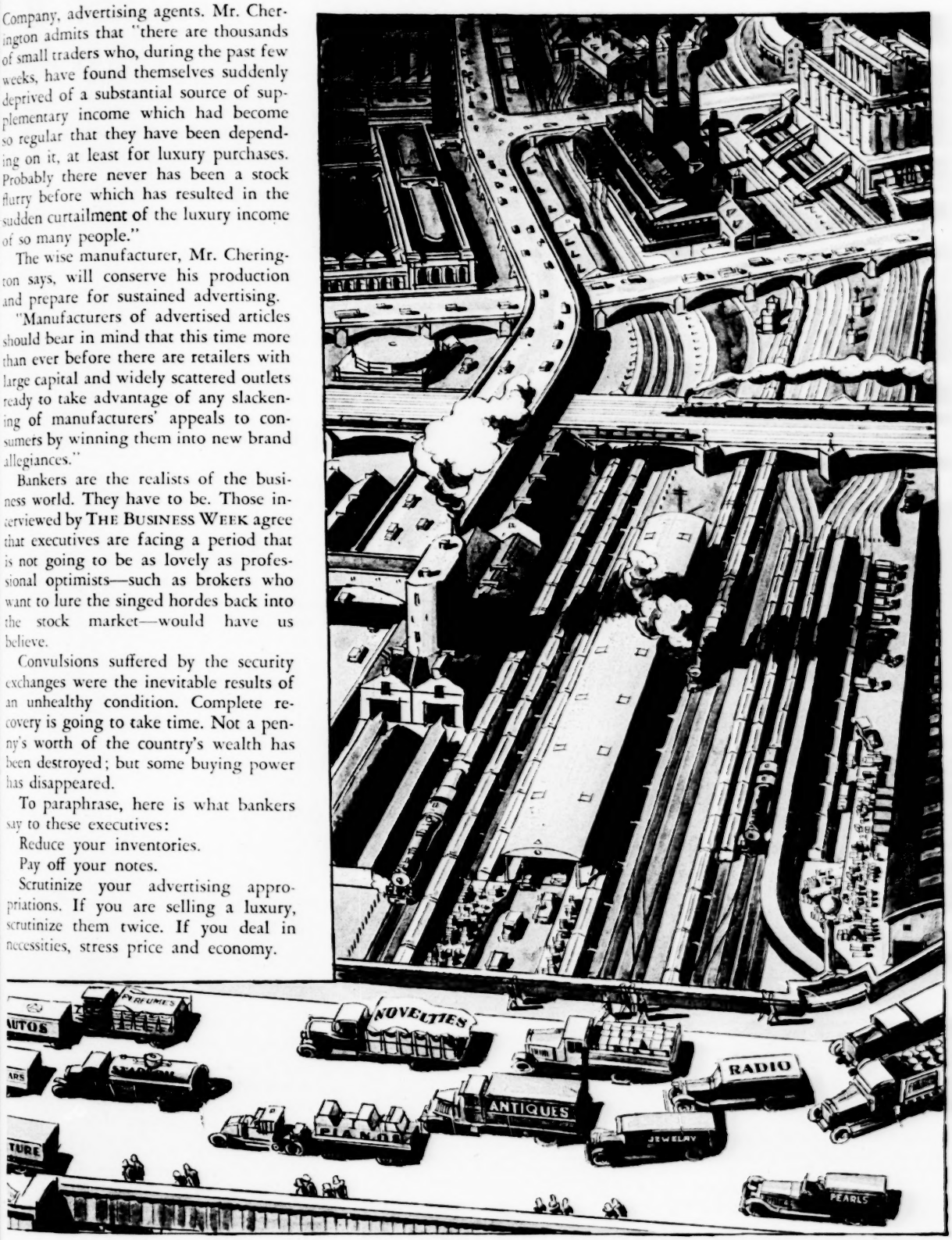
Convulsions suffered by the security exchanges were the inevitable results of an unhealthy condition. Complete recovery is going to take time. Not a penny's worth of the country's wealth has been destroyed; but some buying power has disappeared.

To paraphrase, here is what bankers say to these executives:

Reduce your inventories.

Pay off your notes.

Scrutinize your advertising appropriations. If you are selling a luxury, scrutinize them twice. If you deal in necessities, stress price and economy.



A Real Service!

When Your Dealer Offers You

SANFORD'S
PREMIUM WRITING FLUID

He is Telling You in a Friendly Way that
"Ink that Fades has No Business in Business"

Writes Bright Blue
Turns Jet Black
NEVER FADES

Your Records Are Safe with Sanford's
The Ink That Has Defied Time for 70 Years

What will 1930 mean for Your Son?

If going into business will he choose a long apprenticeship period—the trial and error method—and never reach success?

Or will he choose to be thoroughly prepared in advance for business—then follow a steady rise to leadership? If he desires the latter, Babson Institute can

Train Him for Leadership

To train young men for successful business careers, is the purpose of Babson Institute. Here under the personal direction of business men, **your son** would be taught the things expected of him in actual business. He would follow office hours, and constantly be in a business enviornment. He would be taught the fundamental laws of business, and by frequent trips to factories and business organizations would be shown how to apply these laws to regular commercial life.

Send for Booklet

It explains in detail the work given and the unique features of our intensive nine months business course. It shows how, by following business methods, your son would be thoroughly trained for leadership. Send for booklet now and discuss this with him during the **Christmas Holidays.** Next term opens January 6, 1930.

Fill in attached coupon

BABSON INSTITUTE
5449 Wellesley Ave., Babson Park, Mass.

Please send me, gratis, your booklet, "Training for Business Leadership" and complete information about your intensive business course.

Signature .....

Address .....

Save 90% of Your Filing Cost

Without loss of efficiency by transferring your inactive records into low-priced

QUIK-LOK Collapsible Steel **FILE**

Automatic spring lock, steel reinforced, 3-ply bottom, dust proof, durable, 86 sizes. Costs less than interest and depreciation on steel files. Insist on seeing QUIK-LOKS before purchasing Storage Files.

Satisfaction guaranteed. A dealer is near you. Write today.

KAY-DEE CO., 3618-3644 So. 36th St., Lincoln, Nebr.

THE BUSINESS WEEK

475 TENTH AVENUE
NEW YORK, N.Y.

Enter my subscription for one year (52 issues) at $5.00.

Foreign postage $1 a year extra

If my remittance is not enclosed, send me a bill.

NAME

ADDRESS

POSITION

Why Golf Balls Are in the Rough

MANUFACTURERS of golf balls can sympathize with the automobile maker who is plagued by a used car problem. Surreptitious marketing of lost, strayed and stolen balls cuts heavily into the annual sale of new ones. About 18,000,000 new balls are sold every year. One manufacturer puts the distribution of old balls at 2,400,000 every year.

These rejuvenates have origins other than the secret places of American courses. There is a heavy importation from England. Last year 480,000 (twenty-four tons) of a single brand of re-made balls bounced blithely over the hazard of a high tariff into the American market.

England sent over 2,600,000 balls in 1928 to be cursed and blessed by our golf friends. In February 1929, 78,000 immigrant balls arrived under a manufacturers' cost listing of 34 cents each. In January 1929, 90,000 came in at an average cost of 12.4 cents. The previous December 37,000 crossed over. Average cost 14.6 cents.

Those that arrived in February rated at 34 cents were brand new balls. The shipments of December and January were heavily diluted with second-hand ones skilfully disguised in new white complexions. But one deduction is possible. Here was the summer crop crossing to a wider and better market.

But the American caddy does his part, too. Balls bought from caddies for 5 and 10 cents reappear under strange aliases to be sold for $3.00 a dozen. The old covers are stripped and new ones bearing a different name supplied. Standard brands in good condition are repainted and bring as much as $6.50 a dozen.

An enterprising citizen of Yonkers is said to have made a million dollars selling re-made balls. Inspiration came from a small member of the family who developed an uncanny genius for finding balls when no one was watching him. Another organization has buyers in every big town and its own plant for recovering and painting.

The old-line manufacturers have found very few things that can be done about it. One move has been to manufacture cheaper balls to retail for 50 cents. With these they say to the player:

"Why take a chance on a re-made ball that may throw you off your game when you can buy an honest new ball for a little more money?"

Wide Reading

How Is Wall Street's Storm Affecting Business? *Printers' Ink*, November 21. An inquisitive visit, not with Pollyanna or Old Man Ballyhoo, but with the barometer to 163 sources of information in 60 centers from coast to coast.

Henry Ford Looks at Industry. Samuel Crowther. *American Automobile* (Overseas Edition) December. Business is a science and all other sciences contribute to it. Industrial leadership a vital need.

Dishonest Business. John T. Flynn. *Forum*, December. Some business men's definition of honesty and honor is broad enough to include a good deal of conduct that is questionable ethically. Outspoken; open to challenge.

Can Man Master the Machine? Chester M. Wright. *Forbes*, November 15. Our industries can produce to consumer capacity in a 30-hour week. There is room for new leisure; it is bound to come.

The French Mind. André Siegfried. *Atlantic*, December. Essentially national, not international; rural, not urban; artistic, not commercial; individual, not group-minded: yet forced to compete with a world spiritually opposite. M. Siegfried sees a way out.

The Industrial Vision. Oswald Garrison Villard. *Nation*, November 13. Industrialism in Russia endangered by lack of trained engineers and executives to operate the projects now building.

Will Advertising Appropriations for 1930 Be Cut? *Advertising and Selling*, November 13. Leading national advertisers answer questionnaire on plans for next year. Advertising a corrective force in stock market situation.

The Outlook for the Chemical Utilization of Natural Gas. Dr. Arthur Lachman. *Petroleum World*, November. Lamp black, methanol, synthol, formaldehyde, benzol—all discussed from practical experiments, some of which are in commercial production.

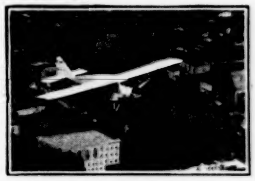
Raids on the Pantry. Wainright Evans. *Outlook and Independent*, November 20. The Pure Food Law after 23 years suffers from public indifference and legislative neglect. We are in danger.

Soviet State Begins Thirteenth Year. *Soviet Union Review*, November. Industrial progress, speed of accomplishment, program revised upward.

BOOKS

The Manufacturer and His Outlets. Chester E. Haring. Harper, 190 pp., $3. Very readable descriptions and discussions of the various types of units in distribution from the standpoint of the manufacturer seeking marketing outlets.

Managerial Profit Sharing. C. Canby Baldeston. John Wiley, 127 pp., $2.50. A hand-book of executive profit-sharing technique which should be valuable for companies planning payment methods to attract and produce leaders for their organizations.

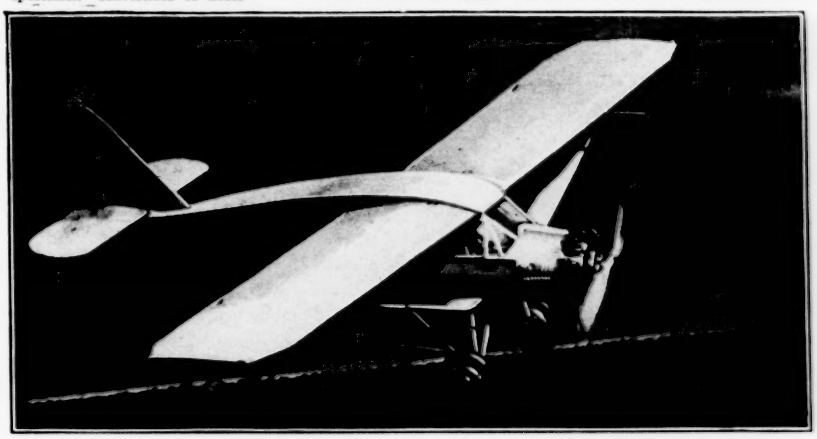


Over town or country, *Pacemaker* is the plane of safety

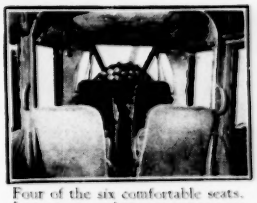
Pacemaker speed appeals to sportsmen—convertible to floats

Speed ...WITH SAFETY

Speed ..WITH EFFICIENCY



YOU want speed in your airplane, but speed only where it is combined with safety and efficiency. Consider safety foremost. Then efficiency, because it means safety plus performance. . . . The Bellanca *Pacemaker* speed of 145 miles an hour is as *fast* as you'll wish to fly. With six persons in the comfortable, quiet, beautifully-appointed cabin, secure in the knowledge that they are in the *safest* airplane built! Their luggage in the ample aft compartment. All told, a payload (with pilot) of 1,235 lbs., riding smoothly behind the *Pacemaker's* 300 h.p. Wright Whirlwind engine. Air-touring (or any sort of flying) in the Bellanca is most certainly an incomparable experience. Let us, or our distributors, anywhere, arrange a demonstration flight for you. Bellanca Aircraft Corporation, New Castle, Delaware.



Four of the six comfortable seats. Luxurious cabin appointments

Looping? You may not care to, but it can be done *safely*

At Bellanca factory—a flying field for pilot instruction

Pacemaker Specification: Six-place cabin monoplane. Dual control. Luxurious appointments. High speed, 145 m.p.h. Cruising speed, 122 m.p.h. Payload (with pilot) 1,235 lbs. *As a seaplane*, on Edo all metal floats; high speed of 130 m.p.h.; cruising speed, 110 m.p.h. payload (with pilot) 1,235 lbs. Both types built under U. S. Dept. of Commerce Approved Type Certificate No. 129. *The Pademaker Freighter:* Dual control, 34 cu. ft. closed freight compartment, seat for 2 passengers and 11 cu. ft. baggage compartment. Payload, (with pilot) 1,745 lbs. Approved type Certificate No. 245.

BELLANCA

WHAT THE HOOVER CONFERENCES MEAN—

—AND WHAT THEY MAY ACCOMPLISH

Mobilizing Business Stability

THE Hoover conferences, and the organized activities growing out of them, are a logical part of a general program which Mr. Hoover has been developing for eight years, intended to help stabilize and balance industrial growth of the country by long-time planning and better co-ordination. This program began with the President's unemployment conferences in 1921 and ran through the studies by the American Engineering Council of waste in industry, the studies of the business cycle by the National Bureau of Economic Research, the development of more comprehensive business statistics in the Department of Commerce, the fostering of trade associations' activities, the studies of recent economic changes—all directly or indirectly fostered by Mr. Hoover.

The central idea behind all of the Hoover program for stabilizing business is, first, the development of better and more comprehensive business information, and secondly the voluntary co-operation of business men, through their trade organizations, in efforts to plan and co-ordinate business development more intelligently.

These things distinguish the present efforts fundamentally from what Russia is doing. The appeal here is for the voluntary co-operative action of a better informed and more intelligent group of business leaders. Although it is obviously desirable and necessary to have this co-operation take some permanent and systematic form for the future by setting up continuing committees for studying business conditions on the basis of some permanent fact-finding organization, there is no intention of establishing any official or semi-official super-body to direct or control the country's business. That would not work at all; we are not yet ready for anything of that kind; American business would not stand for it.

The question remains whether our kind of voluntary co-operative planning, co-ordination and control *will* work, in the present situation and for the future. This question has two sides: One is whether the ideas underlying these efforts are economically practicable; the second is whether, if they are, they are likely to be carried out. The first is a question of economics; the second is one of organization and leadership—that is, a political question.

The economic theory underlying what Mr. Hoover is trying to do is simple and logical, but it is new and no one can say whether it will work or what its effect will be, even if it is vigorously and faithfully carried into action. It has never been tried on a large scale. Great Britain is the only nation now getting ready to try it in a much larger way than it has ever been tried before.

The idea is that construction of all kinds—including industrial and transportation equipment, roads, public works, buildings, ships, public utilities—is the balance wheel of business. Construction activity of these kinds tends to rise and fall in a cycle, and general business follows this cycle. The reason is that people save more money at some periods and spend more at others. When they save more they lay the basis for larger investment in fixed capital which goes into larger construction activity. When they spend more they buy the products of this fixed capital and do not build so much of it.

When business is slackening, it is argued, credit should be used to speed up construction. This releases an increased amount of purchasing power in the form of wages for those directly employed in construction and those engaged in producing the materials of construction. The increased purchasing power so released increases employment generally and adds cumulatively to the general purchasing power. The capacity for producing things is enlarged and the use of this increased capacity creates employment and swells the buying power of the nation. The essence of the theory is that through construction in times of slack business increased credit can be put into general circulation.

The other side of the picture is that when construction is going ahead too fast it should be checked by tightening credit in order to prevent inflation. Excessive construction on credit has to be paid for afterward out of savings, and unless it is checked when it goes too far, the future purchasing power will be diminished and business recession will come.

The present plans for the application of this idea to construction in 1930 are in most respects fairly moderate and prudent. The figures so far available do not show that any tremendous expansion of construction is proposed; in most cases the plan is merely to maintain the rate of the past year or two, with moderate increases in proportion to the expectation of normal growth in demand.

Railroad construction and maintenance, averaging about $750,000,000 annually, has been going forward at a faster rate this year than in preceding years because of the better financial position of the lines. It can probably be safely increased by as much as a quarter of a billion for next year. It will be easier for the railroads to secure new capital and they can advantageously improve their equipment and efficiency in view of the fact that they will not be likely to secure substantial rate increases.

J. M. Mitchell

Probably the government will have to reciprocate in some measure by facilitating and hastening the consolidation movement.

The power utilities, which spend from $700,000,000 to $900,000,000 annually in extensions and development, may likewise be able to increase their construction outlay by $100,000,000 or more, in view of the fairly well sustained growth in demand, and the increasing need for economies arising from the downward pressure on rates. Here again, however, the government will probably have to put a damper upon the attacks upon the credit of the utilities arising from legislative investigation and threats of Federal regulation. The administration, by indicating its approval of the adverse report of the Federal Power Commission on the question of Federal regulation, has laid the basis for easing the situation in this regard. Steady expansion of the telephone companies is not likely to be interrupted in any case by the fear of business recession. The gas utilities likewise are likely to go ahead with plans for expansion because of the rapidly increasing demand for their service.

Public construction is likely to be advanced considerably. The demand for more and better public roads, sewerage systems, water works, etc., was emphasized in THE BUSINESS WEEK for November 2 and for November 20. The state and municipal governments will find it easier to borrow money for such purposes as the bond market improves during the next six months. The program of federal and state governments for schools and other public buildings is a relatively minor factor in the total but can doubtless be advanced somewhat. Altogether the types of construction classed as "public works," exclusive of schools, amounted to over a billion and a third dollars in 37 states in 1928. They are probably somewhat less this year, and an increase for 1930 over the present year of between three and five hundred millions may be reasonably expected.

The plans for expansion of industrial, commercial and residential building which collectively is the most important field of construction are more doubtful. Except in those industries where overcapacity now exists considerable plant expansion may be possible, but on the whole the purposes of business stability would be best served by conservatism in this regard. Industrial corporations, however, are undoubtedly in a good financial position for such expansion because of large cash resources. Commercial building has been excessive in many larger cities and the outlook for any very large increase in residential building is also doubtful. There may be some deferred demand for residential building, next year, after the slump during the past eighteen months, but this will not be large, and the savings banks, building and loan associations and life insurance companies, which are the main sources of funds for such building are not in a good position to finance any rapid expansion soon. Improvement and modernization of houses, however, may be stimulated by manufacturers of equipment who can draw upon general bank credit to finance its installation.

Shipbuilding may be considerably expanded beyond the low rate of previous years by governmental credit and operating subsidies; but in view of the present excess of shipping facilities and the low level of rates, this would be a doubtful policy, unless there should be a vast expansion in foreign trade, which cannot be expected.

The stimulation of exports, mentioned as part of the program, can be the result only of lower prices, easier credit facilities and a renewal of foreign lending which are expected. There is no effective way of forcing foreign trade, and other countries have already indicated they are prepared to resist dumping practices or intensified competition in foreign markets supported by any form of government aid.

As for agriculture, the only way it can "aid" in the program is to be loaned more money to carry farm products for higher prices and to urge governments to borrow more money to build more roads.

So far as all these things are not pushed beyond what is needed to offset or smooth over a business recession, they probably can be effective and do no harm. If they are pushed into a kind of boom based on easy money, they may have to be compensated for later by a reduced rate of construction and consumption.

To make this program effective, it is obviously necessary to organize it so that it will be carried down to local and concrete action. The general idea has been clearly enough put before the public through the conferences that have been held. The President cannot go much further. It is now a question whether the United States Chamber of Commerce, working through the trade organizations and local commercial bodies will be able to translate the program into concrete terms of local activity. Single examples of intention to go ahead with construction and development plans, to sustain employment and maintain wages are of very little influence nationally, even when they are carried out.

It is what the individual business man does by way of setting an example to his own business community that matters most.

Anglo Comes Home to Mother

ON a bleak December morning back in 1911 a meek little man from Washington, not too well dressed, somehow penetrated into the private offices of the redoubtable John Dustin Archbold, first vice-president and president-elect of the Standard Oil Company of New Jersey, just then being dissolved by order of the Supreme Court. Archbold paid less than no attention to the timid intruder until he felt the scratchy brushing of a paper across his sleeve. The fellow was another process server. What in the devil could they want now? roared the boiling thought of Archbold.

It was the most cruel blow of all, insult piled upon injury. It served Archbold as a director of the Anglo-American Oil Company, Limited, a British corporation, entirely outside the jurisdiction of any American authority. Worse, it alienated this eldest of the daughters of old Mother Standard, its proud heiress who had married into the British industrial aristocracy. Archbold shooed the shabby bailiff away, bawled out his door-keepers, convoked his lawyers.

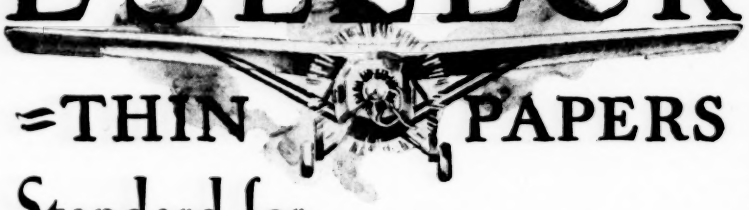
The paper was illegal, obviously. Archbold was no longer a director of Anglo, anyway. He had resigned before the suit was brought. Besides, Anglo was British and she couldn't be touched without war, by gad! Archbold was all for a fight. The lawyers soothed and hushed. Roosevelt was after Standard, all thirty-two teeth of him. Ida Tarbell had got him, and the nation, all het up. Better accept service, better let them have their way, better let Anglo go by the board, along with the rest! Above all, lawyers whispered into his leonine ears, it was a time to keep still, to shut up. They would get Anglo back later. So Archbold swallowed his scalding rage, lay low.

Last week, eighteen years later almost to the week, Standard of Jersey bought back Anglo-American. Under the Webb-Pomerene act, Standard's special export subsidiary, Standard Oil Export Corporation, could legally buy it back without fear of the Sherman Act. The cost is heavy, indeed, for the shares have drifted into strangers' hands, the total Rockefeller count being only 20% or 30%. In case all the stockholders make the proposed exchange of stock of Anglo for shares of Standard Export, their receipts will run up to $75,000,000 in market value. But it is worth while. Anglo is so powerful that it can hold up its head against Royal Dutch and Anglo-Persian right in their own home Kingdom. Furthermore, the outright acquisition of Anglo removes a very real danger for Standard of Jersey, the long talked-about merger of Anglo with Standard of New York and Vacuum, a deal which would have definitely stuck Jersey back behind New York in the European markets. Standard of Jersey, mother and mother-in-law of the oil industry, has scored again over her ambitious upstart daughters. The English Duchess is back in the house.

▼

"AROUND the world to home" has now become an established air route for Mexico. Airmail for the southwest province of Quintana Roo will travel via Mexico City, Brownsville, New Orleans, Atlanta, Miami, Havana, Belize (British Honduras) and then go by boat to Quintana Roo, making the round in five days.

ESLEECK



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"In 1/12 Doz. Lots"

"PAY your Christmas bonus early. Aid shopping," advises La Salle Street, Chicago. Sets example also. Hornblower & Weeks, for one, paid three weeks' bonus at Thanksgiving.

●

Unions cooperate with management of New England textile mill in research and time-studies to determine how same product can be made with 120 fewer employees. Union will decide who must go.

●

Forty healthy men having trouble buying life, health and accident insurance! They are about to go to Russia on a big job. Insurance companies claim to be shy on adjusters in Russia.

●

New coal-stripping steam shovel, another "world's biggest", Du Quoin, Illinois, could lift twenty tons at one bite and dump it on top of seven-story building, 80 feet up.

●

Nebraska's $11,000,000 state capitol will be completed in January. Eight years already spent in building. Delay due to financing from income instead of by bonds.

●

Factory at Jackson in the great Fundamentalist state of Tennessee, which once turned out pulpits and pews, now makes standard fixtures for 3,000 Piggly Wiggly stores instead.

●

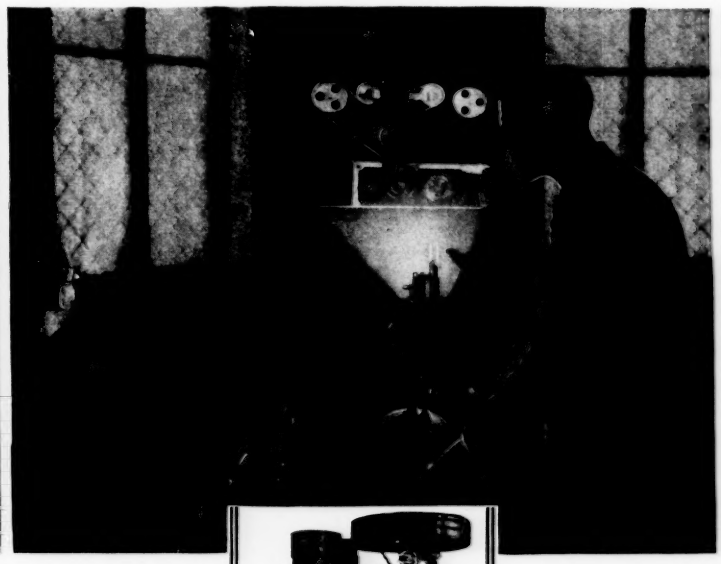
San Francisco wants garbage incinerated. Voters say so, emphatically. But at same election they vote down two other proposals, one to have the incinerator operated by the municipality, the other to have it run by private interests.

●

Big building operations, too, affected by old law of diminishing returns. Central cement mixing plant in Merchandise Mart, Chicago, world's largest building, has given trouble. Cement has so far to go that it sometimes freezes en route.

●

"They are the cool colors" is artist's explanation why light green, orchid, light blue and ivory are favored in plumbing, bath salts, etc. But red, brown, orange, yellow, "edible colors" are preferred in foods, also food advertising.



Filmo Continuous Projector

Filmo 57-X Continuous Projection Attachment (at right) installed on regular Filmo Projector. Fully automatic. Special reels accommodate up to 150 feet of 16 mm. non-inflammable film equal to 375 feet of standard 35 mm. film.

Filmo 57-C Business Projector

(Above) The ideal projector for business use. 250-watt 5-ampere lamp, 45-50 strong condenser, variable voltage resistance and voltmeter, providing maximum illumination for showing sales films in offices, lodges, convention halls, etc. $240 with case. Other models $190 and up.

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So Much Money; So Little Gold

EVERYBODY knows that the economic life of the world is based on gold, that the existence of the human race is bound up with the immutable value which the nations have traditionally awarded to this rare and beautiful metal. Wherefore, the fact that the world struggles along with so little of it is all the more astonishing. For—as we learn from the Bureau of Mines at Washington—since Columbus dropped anchor in American waters 437 years ago, this planet has produced only enough gold to cast a cube one of whose edges would measure exactly 38 feet and 6 inches.

And no less impressively small would be the value of this heavy but comparatively small mass. It would be worth $20,000,000,000. But one-half of this gold has been lost off the cube, diverted to the arts, and to other uses. Only $10,000,000,000 remain in the form of money, guarantor behind the bits of paper which transact the commerce of the world. This sum sounds substantial, even impressive, until we learn from statisticians that during the recent brief panic in the Stock Exchange the loss from decline in price of only the 240 leading security issues out of a total of some 1,200 on the list, was almost $10,000,000,000.

Technicians give the comforting assurance that there need be no worry about the future's gold, for the simple reason that not much more gold will be found. The vague, moist interior of New Guinea may produce a strike or two, but that is about all. The earth has been combed for gold, and most of it has been found. And the value of gold—that is, its equivalent in the labor and materials for which it must be exchanged—has declined with the years. From the mining engineer's point of view, the price of gold in paper money is too low. If it were higher he could profit by mining deeper, and handling ores which do not pay at present prices.

But what would happen should the economists prevail with their new yardsticks, establish an index-number basis for the mechanics of money? The classic view is that humanity's acceptance of such a device would quite simply and instantaneously knock the gold mining industry into a cocked hat. Another view, rarely held, is that if gold were thus thrown onto the market to find a price for itself, science might all of a sudden discover new uses for it quite outside the routine arts. It might become useful.

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France Prefers "Packed in U. S. A."

GOOD grading, good packing pays profits. News from France that fruit dealers there buy standard grade American-boxed apples in preference to European importers' barrelled fruit, even from the same orchards, points a moral long emphasized by the Department of Commerce, by export organizations.

Figures prove the preference. They show that, in 1928-29, the United States sold France 364,715 boxes of apples out of 1,602,450 she imported—23% of the total against 8.7% in the 1927-28 season. When importations through Holland and Belgium are taken into consideration, American apples reach 50% of the total entering France. They make up 50% of Holland's exports of this fruit to France. Belgian dealers warehouse them for speculation on the French market.

HOW WILL THE LUSTY CHILD OF SUNNY YEARS BEHAVE ON HIS FIRST RAINY DAYS?

Now We Test Instalment Selling

NOW comes the test.

Instalment selling has grown by leaps and bounds during the great bull years. Once it was confined to a few lines—sets of books, sewing machines, household furnishings—and the buyer was rather shamefaced if the neighbors knew. Today, it seems as if everything could be bought on the instalment plan—except perhaps theatre tickets and fireworks, which are hard to repossess. As for automobiles—who pays cash?

It has become highly respectable. Efficient finance companies have made it orderly—and cheap. It seems a fixed part of our business world.

It has worked well—in bull years. Bad debts have been less, actually, than those from open book accounts.

But how will the system work in dull times?

Nobody knows. But in certain districts, we may now find out. The argument of the conservatives is simple enough; merely that unemployment in any important industry, any city, will bring a crash—piles of worthless paper, a flood of repossessed merchandise, to be sold for what it will bring. Hurting, of course, the sale of new goods.

It takes the proponents longer to state their case.

Boldly enough, they insist instalment lines are going to be hurt less than others. For four reasons:—

1. A certain proportion of persons who have heretofore been buying for cash will buy on time, and will be preferred risks.

2. Wage-earners who make sizeable purchases on the monthly payment plan are the better class of workers, the ones whose credit has passed examination and whose tenure on their jobs is strongest. Such persons are the last, not the first, to be thrown out of work.

3. Money will be easier to get. In recent months the problem of many finance companies has not been to get business, but to get money to finance it. High interest rates have borne down more heavily on finance companies than on almost any other line of business.

4. As interest rates fall, financing company costs will fall, too. Competition is so keen that savings are sure to be passed on to the public. Where it costs $100, say, to finance a $1000 purchase it may soon cost only $90. Lower prices generally tend to increase business.

So far these arguments have little more than theory for backing. The test under fire of this new instrument of distribution is still awaited with interest by both its friends and its enemies.

In the meantime, however, preliminary figures from the National Retail Credit Survey, reported by the United States Department of Commerce, show that automobile dealers lost 0.9% of their charge account sales as bad debts, but they lost only 0.4% of their instalment sales. It was also reported that of all dealers (merchandise as well as auto) those who handled instalment sales themselves lost 0.6% of their total deferred payment business. Those who used finance companies lost but 0.3% of their deferred sales.

Donnelley

The indications seem to be that under expert administration, bad debt losses can be kept lower on instalment sales than on ordinary monthly charge accounts.

If true, the fact is partly due to payments being less difficult to collect because they come easier on the purchaser, and partly due to the common practice of not passing title to goods until payments are completed so that in cases of non-payment repossessions reduce the losses.

There are about a thousand finance companies. They will handle this year about four billion dollars of paper, automobile paper being the lion's share. Well-managed companies believe in diversification. Paper arising out of sales of electric refrigerators and oil burners is rated highest, next to automobile paper. Radio paper, though good, is made a little more risky by style changes and new models coming out at cut prices.

Members of the National Association of Finance Companies are now concentrating efforts on a campaign to get finance paper made eligible for rediscount by the Federal Reserve Banks.

"Naturally banks prefer paper that is eligible for rediscount," Arthur W. Newton, vice-president, First National Bank, Chicago, told them at their recent convention in Chicago. "It has never been quite clear to me just what are the objections to the eligibility of finance paper. It is made for the purpose of financing industry, it is self-liquidating, and experience shows that, capital for capital, finance companies' notes are as safe a risk as are the notes of merchants or manufacturers. It appears to me a paradox that the notes of manufacturer or dealer who has borrowed to carry merchandise not yet sold should be eligible, whilst the paper of a finance

Now We Test Instalment Selling

company, given to finance merchandise already being sold, the receivables of which are being collected monthly, should not be eligible."

Asked by THE BUSINESS WEEK whether success in this campaign for making finance paper eligible for rediscount is anticipated, C. C. Hanch, who is to manage it, replied, "Why not? When business men in every state of the Union go after something that is really due them, don't they usually get it?"

Instalment sales paper is not specifically mentioned in the Federal Reserve Act, but its ineligibility is the result of the Board's interpretation of the Act's broad definition of acceptable paper. In order to be made eligible there must be either a reinterpretation by the Board or an Act of Congress.

●

Shoe retailer reports more people now inquire, "How much?" Woman returns $17.50 pair, "Can't afford it." Buys $15 pair instead.

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Your Investments Periodically

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Turkey's Tariff Doesn't Bar Way

CLOSE scrutiny of Turkey's new import tariff removes fear that United States exporters will be heavily hit by it. Changes in buying trends will follow, but the most important of these have been evolving for four years, have been obvious in the export figures.

Evidence that Turkey is modernizing after the Western model is shown in a four-year record of exports from the United States:

	1925	1928
Automobiles, trucks, parts	$227,561	$1,241,639
Rubber, rubber products	17,513	149,535
Agricultural machinery	3,802	298,160
Textiles	380,425	110,971
Typewriters	32,182	75,276

Typewriter exports for the first six months of 1929 totaled $381,667, further proof that offices this year are going Occidental more rapidly than ever.

The textile slump is due to inroads made by Japanese exporters. A Japanese commission is now in Turkey seeking a wider interchange of trade and outlining plans for direct steamship service between Turkey and Japan. Further shrinkage is certain to follow the large increase in the import tax on textiles, Turkey's move to protect a newly-expanding home industry.

While Continental Europe has succeeded in supplying nearly all Balkan markets with unfinished steel, American manufacturers still can compete favorably in the market for equipment, tools, machines. However, two large rail construction contracts went to Europeans—one to Swedish engineers for nearly $30,000,000, another to Germans for more than $25,000,000.

One of the few contracts let to Americans—Fox Brothers International Corporation, of New York—is for the construction of large railroad car and locomotive shops at Kaisariah and for 32 railroad stations along the Angora-Kaisariah line. Though the contract is for $5,000,000, it has had little effect on United States exports because native materials are used as far as possible.

All three of these foreign contractors report satisfactory credit arrangements. Payments are made regularly every six months in a series of acceptances on Turkey's new Banque Agricole. The government monopoly on tobacco, sugar, alcohol, and matches has been set aside as guaranty on the $115,200,000 12-year program of public works construction.

Chain Banks Won't Wear High Hats

When the home-town Gibraltar becomes a branch, scrutiny of loans will be more rigid but not less friendly

MR. C. M. BROWN—he signs his checks that way, though to his friends he is Charlie—is going up the steps of a dignified building, his bank. Last week this old First National of Proudtown, the local financial fortress to which he has had access, was taken over by a Wall Street banking chain. Today he needs a loan. He is a little nervous—reminds him of the first loan he ever sought. Can he continue to borrow frequently and easily from the chain? Must he make any changes in his business habits or methods on account of changes in banking?

Chain bank organizers will tell you that borrowers will find loans more plentiful and easier to get. Total available funds for loans will even increase somewhat under chain banks. For:

"Surplus funds of one locality will almost instantly be reported throughout the chain," says F. H. Sisson of the Guaranty Trust Company, who is not himself a chain banker. "So they can be drawn upon by other towns which are temporarily short of liquid funds. These little surpluses thus unearthed will be added to available funds, in a way similar to the action of the Federal Reserve System, which is itself a gigantic credit chain. And the total of such little funds may be rather large."

Chain banking may offer opportunity for a quick penetration of the hinterland with a multitude of small loans to small money users. What Russians would call a "Fordization" of finances, may follow, or even a "General-Motorization."

"Bankers should and probably will eventually learn to apply to money the principles that General Motors have applied to transportation and Sears-Roebuck has applied to merchandise," says one banker. "Credit is a vehicle of business, and no different from transportation or merchandise, except that money requires no huge plants and is easier, in-

Esterbrook

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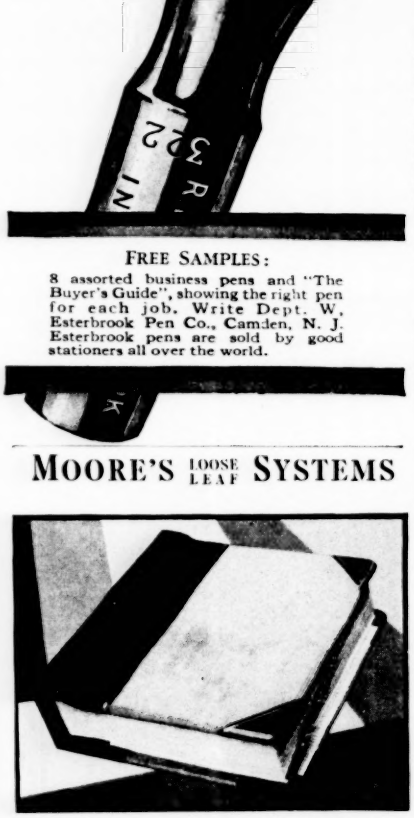
MOORE'S LOOSE LEAF SYSTEMS



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Chain Banks Won't Wear High Hats

stead of harder, to grade instantly for different size pocket-books."

The same sort of criticism and improvement which they must apply to themselves, the personnel of the chain will apply to applicants for loans. At some fairly early date after the bank enters a chain, a new assay will be taken of the commercial concerns which borrow from it. Assays will be repeated at frequent intervals under chain banking.

Social bases for loans—if any—will vanish or be less dependable. Where the business man has his credit base well-established, he will probably find it easier than ever before to obtain loans from the chain, for the tendency of chains everywhere, dealing in groceries, drugs or money, is to cut out red tape for the customers (though perhaps not for the managers) and speed up deliveries in established volume streams. Then again Brown can calmly telephone to his bank, "Jim, I want ten thousand for sixty days and I'm drawing a check now. I'll come over some time this afternoon and sign the note." Happy days!

A NEW view of local banking will discover that Grocer Jones has owed the bank $5000 for 20 years and never paid it up, so the bank is really in partnership with him. Jones is a friend of the president who once clapped him on the shoulder and promised him, "You can have that loan renewed as often as you want," and he's had to keep his promise. Chain groceries are crowding Grocer Jones, and the bank may lose its $5000. This sort of sleeper loan is nudged, awakened and payments are required to start.

Another friend of the bank carries a balance of $1000 and habitually borrows $10,000. This is secured by $30,000 or $40,000 of perfectly good collateral securities, it is true, but the borrower uses the loans to carry speculative stocks in which he himself has invested only a couple of thousand—and that's not constructive banking for the community. Sleepers, margin loans and other non-constructive loans, will be crossed out by good chain banking.

Yet all these changes should take place anyhow. They are desirable. One banker sums up, "Banks will only hasten changes that are inevitable."

Crippled or staggering businesses which have been carried over frequent crises by a local helping hand will probably not expect much sympathy from a far-off scientific eye. Duds will be discarded, not immediately, and not publicly.

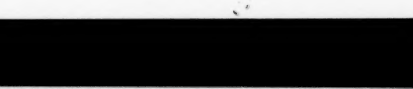
The day of youth and speed will be accentuated among small business proprietors, as it has been in department stores and in personnel of large offices.

Yet when any individual borrower applies to the banking chain to be entrusted with a part of the country's funds, he will be submitted to a more rigid scrutiny than now. Banks will be in a better position to check up on his total outstanding credits with suppliers, including his loans from other banks. He will not be able to carry half a dozen loans in half a dozen banks, each of which thinks it is the only noteholder. Bank chains are commencing to set up inter-chain reporting bureaus which cover their territory pretty completely.

Banking has always been peculiarly a business of personal contacts. It must remain so. And big bankers, like those at the heads of chains, place even more reliance than the small banker upon personality. Big bankers "bank" on big personality. Show them a man with a nation-wide view fitted to the increasingly nation-wide scale of business, and their money will zealously follow that man. One of the world's biggest banking houses withdrew its entire investment from a very large corporation because a 28-year old executive resigned.

"THERE will always be room to continue an independent local or neighborhood bank, or even to start a new one," says M. H. Cahill, former president of the New York state bankers association. He speaks from experience, for only last December, in the midst of an epidemic of mergers among New York banks toward fewer banks rather than more, he started the Plaza Trust Company on Fifth Avenue at Fifty-second Street.

"There will always be the depositor



who likes to feel that he can have personal acquaintance and interview with any officer of his bank, which is obviously impossible for the president of a $200,000,000 bank, necessarily secluded behind ground glass. So the man who likes personal contact looks for a small bank. One of our new depositors explained to me with some choler, 'I've carried a good account for twenty years with a certain bank, but now it is so big that the last four times I presented a self-drawn check at teller's windows I had to be identified!'

"Capital will always be available, too. Successful business men always like the idea of forming their own bank, like to be bank directors—influential directors; so from such men we carefully picked directors who are useful not only for their good business judgment but for sending in business.

"Likewise, business men in increasing number like to own bank stock. Show them a sound banking proposition and they'll support it. Our stock was offered at 170% of par and was oversubscribed 500%.

"We could pick our stockholders as well as our directors, choosing men who could send us the most and soundest business."

Chain banks may be one of the country's greatest educators in financial management, just as chain stores are our greatest educators in merchandising. Our income tax laws compelled millions of rather informal business men to learn accounting. Chain banks will compel them to learn dynamic profit-planning.

Education in finance will be successful. "Many an applicant for a loan today does not know what I am talking about when I draw a line between lending them capital and lending them credit," says one banker. "But in a few years each borrower can be forced to learn so much more about credits that he himself will draw a clear line, visible to him, between his capital and his credit."

Competition for money will open a small business man's eye to a national view of business changes. He will realize that faster progress a thousand miles away touches his pocketbook, his management, and his costs. He must be progressive according to national standards, not local standards.

▼

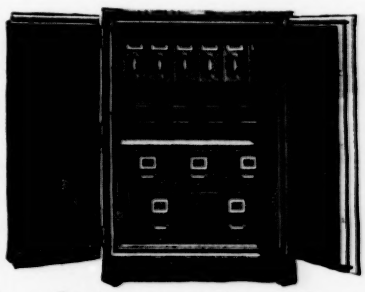
THE big business of football is stimulating profits in a new line. The 1929 game between Stanford and the University of Southern California brought 102 planes to the hangars of Oakland Municipal Airport for overnight storage.

Did Brown recover full damages?

Just a casual question passed between business acquaintances at a club. Brown, the owner of a successful and growing business, had a fire that gutted his plant a short while before. Did he recover full damages? Of course he was covered with insurance—but unless his inventory statements, accounts receivable, etc., were protected in fire resistive safes there is a question. For it is necessary to produce these important records to collect full damages.

No business can afford to take such a chance—the vital records should be kept in Diebold Fire Resistive Safes. The cost is comparatively small and the range of sizes and types will fit any risk. Diebold Safes are labeled by the Underwriters' Laboratories.

Remove this risk from your business. Our book, "Record Protection for Modern Business Offices," will show you how. Write today.



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The Week's Business Speeches

RAYMOND M. HOOD, president of the Architectural League of New York, after lauding the development of architecture in Chicago:

"We architects in New York are more smug and complacent than any of us like to admit. We turn to Europe for inspiration, but rarely look toward the West, save to see to what extent our influence is spreading, and with a casual curiosity as to whether there may be sometime in the future a culture as strong as our own. New York has the same more or less amused and patronizing interest in Chicago that Paris and London have always had in New York."

GEORGE L. MOORE, urging a "Buy It Now" campaign:

"The major hazard in the present business situation seems to be the possibility that the country will become seized with a poverty complex which cannot but restrict the flow of goods from our factories.

"We human animals are a queer lot, and our actions in the presence of such an event as the stock market débâcle bring to mind Puck's observation on the irrationality of mortals.

"Would it not be money soundly invested if a group of bankers underwrote an advertising campaign around the idea of 'Buy it now,' interpreting in clear, simple terms the reason why today and not next week or next month is the time when purchase of goods will be a vote of confidence in the soundness of the country's business and economic structure?"

DR. A. J. RONGY, at the Academy of Medicine, anent the periodical physical examination:

"If statistics are true and our death rate among middle-aged people is increasing instead of decreasing; and if they are true further in that we have a greater mortality rate in this country of people between the ages of 45 and 65 than in any other civilized country, then our specialization is a failure.

"In discussing this idea of periodic examination, we might look at the benefit to the physician as well as to the public. It is the hope of the committee who started this campaign that the periodic health examinations which we stress will check the forces demoralizing the general practice of medicine and will readjust and re-establish the family doctor in his rightful place."

DR. HAROLD F. CLARK, anent the harmfulness of thrift:

"When everyone is running to the bank with money the result is more production of goods than can be consumed and we have a business depression. As soon as a depression comes there is a greater tendency to save even more, and thus the trouble is intensified. Depression would end sooner than otherwise if everyone would spend money during bad times instead of saving it."

It has been my observation in life that if one will only exercise the patience to wait, his wants are likely to be filled.—Calvin Coolidge.

A BRITISH visitor to Berlin, speaking through the London *Daily Express:*

"One of the many intriguing features of the ambitious schemes prepared by Berlin for the 'big push' toward a world city is a post graduate course in the Art of Dealing with the Tourist. The students will include officials from hotel, theatre, shop, and transportation organizations, the net result being, it is hoped, an even further strengthening of the national consciousness toward visitors.

"Germany, in pursuance of the robot ideal, is quickly becoming a nation of brains without temperament. The clear thought behind the process of rationalization which has brought prosperity to the coal and iron industries in the Ruhr is being applied even to such things as tipping and night life."

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Survey of Business Abroad

EUROPE—Business more spotty; incipient contra-seasonal slackening; considerable uneasiness concerning trade consequences of the American stock break.

By Special Cable to The Business Week

Great Britain—Subscriptions to conversion loan total £233,000,000. Important sales combine of Agricultural & General Engineers with Rushton Tractor, and with McKay Proprietory of Melbourne, represents $20,000,000 capital; purpose, to offer full line of agricultural implements with world-wide sales servicing organization. English and Continental rubber interests are separately seeking production agreement and hope later to reach common accord. Success is doubtful. Tin producers association is expected to agree on 10% production restrictions; purpose, price stabilization.

By Special Cable to The Business Week

Belgium—International zinc cartel dissolves—allegedly due to the American demand for greater participation. Renewal by European interests is doubtful. Cabinet resignation on language question unexpected but no bad effect on business is foreseen. Inside information indicates that Belgium is expecting to demand League Council seat in 1930 as compensation for the loss of the seat of the International Bank.

By Special Cable to The Business Week

Germany—Business situation much involved. Bankrupt condition of many municipalities aggravates money tightness; recent business expansion exceeds financial resources. Exports, for the first time in history, exceed those of England and lead Europe. The United States Lines shifts its base from Bremen to Hamburg.

By Special Cable to The Business Week

France — Important proposal of Moreau, president of the Bank of France, that government approval be given to increase of Paris banking facilities is significant. Formation of an acceptance bank with $4,000,000 capital and with seven leading French, and three Belgian banks participating is announced.

Russia—Expansion continues in the coal mining region of the Donetz basin. Negotiations are in progress between Soviet Match Syndicate and the Persian government for the erection of two factories in Persia. Signalizes keener competition with Swedish Match Trust.

U. S. Dept. of Commerce

Yugo-Slavia—Despite plans of the government to develop Cataro as Adriatic port, Split continues to attract new industries. A large site has been acquired by the Krupp Works, of Essen, for the erection of a factory. Ford Motor Works are reported to be moving from Trieste to Split (see THE BUSINESS WEEK for November 27).

U. S. Dept. of Commerce

Turkey—Arrival at Angora of Count Volpi, Italian ex-Minister of Finance, revives rumors that he is negotiating for the purchase of large Turkish timber interests by Swedish financiers; that he is devoting attention to exploitation of Turkey's hydro-electric resources. In the meantime, industrial expansion continues. This week's report lists two new cement factories nearing completion and two new gramophone factories to open early in the year.

FAR EAST

U. S. Dept. of Commerce

Japan—All other business news took second rank to Premier's announcement that the gold embargo will be lifted January 11, 1930. Foreign trade remains favorable; automotive sales up; iron and steel market further depressed owing to curtailed demand and competition from cheaper Indian and European products.

U. S. Dept. of Commerce

China—Fighting in Central China temporarily suspended to meet new Russian advance in Manchuria with united front. Little change in the effect of local politics on business. Foreign intervention in Manchuria may have profound effects in the next few weeks if Russians continue advance.

SOUTH AMERICA

Argentina—Business conditions and the general outlook improved slightly toward the close of November, although volume of business is still below average level of first 10 months. Freight rates from Europe to Buenos Aires increased five shillings a ton, because of labor difficulties on Buenos Aires docks.

U. S. Dept. of Commerce

Chile—Conditions in key industries satisfactory but merchandising situation developed sluggish tendency during the month. Government is considering the establishment by private firms of bus service for passengers and freight over the Andes between Santiago and Mendoza, Argentina.

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TREND *and* TEMPO

By Robert R. Updegraff

TODAY I have seen public opinion in the process of shaping. I have driven 200 miles up into New Hampshire to my farm, and as the car has sped along the empty winter roads (with snow sparkling in the fields on either side under a bright November sun), occasionally I would pass a group of men working on the roads. Not common laborers these, but local farmers, freed from crop responsibilities at this time of the year.

They work for the money they get and they work to improve and maintain their roads, but I suspect also that they look forward to this road work in the fall as a means of sociability. Neighbors gather as there is little opportunity for them to gather during the busy summer months and they talk while they work, shaping local—and even national—opinion as they rest on their shovels from time to time. Here is a natural out-of-door forum which probably has more of an influence on our national life than we realize.

ONE'S whole sense of values changes when one gets up here in the country. Comfort—just elemental physical comfort—means so much, and money means so little. Standing out on my hilltop this afternoon, burning old buggy seats and broken down sleigh bodies and all manner of useless rubbish which has accumulated around the place since it was built in 1815, and looking out across my meadow at the distant mountains through a veil of lazily falling snow, Wall Street, and even Main Street, seemed far away, and of very small importance in the scheme of life.

But I know it is a delusion; one such bonfire day must be balanced by a business week. Else how could one afford to put on a new roof, or to rebuild fireplaces, or to indulge in an orgy of old farmhouse furniture buying?

A DAY or two since, I came upon an interesting sidelight on the influence of Wall Street on the country as a whole. The head of a mail-order business dealing in semi-luxuries, whose orders come from all over the country, mostly from rural sections and small towns and villages, told me that this fall his business was running just about even with last year's until the second day after the Wall Street slump. That day (a Saturday) down went his orders with a bump! He thought the bottom had dropped out for keeps. But in a few days the mail began to pick up again, and now the business is only about 6½% behind last year's as he faces December (his biggest month). He believes the present rate of improvement indicates that December will be a good month and pull the business through with little if any loss for the season—possibly even with a slight gain.

THERE are few thoughtful business men who could not read with profit the life of Martin Luther. Not that they will get from it many liftable ideas which might be adapted to their enterprises; but they would get a picture of the birth and development of a mighty movement which has influenced the lives of millions, and they would discover the enormous power of one man with an idea.

It is thus that great businesses are built. The crusades are not all over. The power of an idea has not diminished in the years since Luther revolted. The influence of a man with a sincere and helpful idea or service conception is as great as ever it was, while the means of multiplying it are infinitely greater.

But the man must have faith, and he must have patience, and he must never doubt himself—at least not out loud! Look up Luther. He is worth cultivating.

WHY do so many of us insist on trying to do so much of our work with dull tools (tired minds and overworked nervous systems), when by playing more we could accomplish so much more work in fewer hours, and do it so much more easily?

Are YOU GEARED TO MODERN CONDITIONS ?

IT ISN'T so long ago that "at once delivery" was a novelty. It suddenly bloomed as a strong selling argument in *trade-paper* advertising. For a time it overshadowed the regular cash-register points about the goods. Even price was subordinated to the new service feature.

But you don't see it any more—*because every merchant now takes it for granted that delivery will be immediate. And if he finds otherwise, another house gets the business.*

This revolution in merchandising has set America's keenest industrial leaders to searching out strategic locations for factory branches in each major market. And in the South more choose Atlanta than any other city.

For Atlanta is Distribution City to the South. By road, by rail, by *air*, you can route men and merchandise to the whole rich Southern territory from here more effectively than from any other point. Goods warehoused in Atlanta are within overnight ride of eighteen million prosperous people.

It is a logical step from factory branch to branch factory. And the Atlanta Industrial Area is dotted with plants that have grown out of sales-offices. Improved service to the Southern trade brought such increases in volume that manufacturing here was justified, amply justified. Investigation proved that the fundamental economies of the location increased profits on goods made here.

Engineers, digging deep, found willing, intelligent Anglo-Saxon workers a big economy factor,—their efficiency a major contribution to better conditions. They found low taxes, plentiful and cheap raw materials. Power sources were more than adequate, and at a cost to compare with the lowest in America. These and many other factors reached such totals as to point inevitably to the Area as the ideal location.

* * *

It may not be ideal for your business. But neither you nor we can judge that without careful analysis. Recognizing this, the Atlanta Industrial Bureau has been set up to gather first-hand information for you—without charge or obligation and in the strictest confidence. On your request a thorough, authoritative and unbiased survey will be made of conditions here as they apply to your special problems. Write

INDUSTRIAL BUREAU, CHAMBER OF COMMERCE
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Send for this Booklet!

It contains the fundamental facts about Atlanta as a location for your Southern branch.

ATLANTA

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EDITORIAL PAGE

THE BUSINESS WEEK—A McGRAW-HILL PUBLICATION

Now Carry It Through

OPINIONS may differ as to whether or not the stock market collapse, so far as it has gone, need necessarily be followed by a serious business recession. We do not believe so. We are persuaded that nearly all the circumstances surrounding the crash, and certainly the industrial, trade and transportation conditions under which it occurred, have been such as to warrant the expectation of an early resumption of normal business activity.

Nevertheless it is now evident that the general public and a large part of the business community is by way of being convinced that a great crisis has been averted and that a serious depression may result if the measures being taken in Washington prove ineffective. This is not so much a logical as it is a psychological inference on the part of the public from the conferences and activities that have been going on there during the past week.

Whether or not this feeling is justified it puts a heavy and inescapable responsibility upon all those public officials and business leaders involved. Not only will the public require of them the accurate facts and candid truth about the business situation from now on, but it will demand clear and constant evidence that the programs of action promised and proposed are indeed being carried out as the actual conditions may require.

It is clear that we have here embarked upon a momentous experiment—the greatest since the war—in the possibilities of constructive cooperation between business and the Government for the public protection and welfare. If it should be really needed and should fail, or if it should be not needed and should evaporate into a rhetorical episode, the idea underlying it, as well as its sponsors, will be permanently discredited. It has never been tried before. If it comes to nothing this time it will never be tried again. It must be sincerely and thoroughly tried now.

The President has carried it as far as he properly can. The national business leaders he brought to the capital for conference have done as much as they could to further it by precept and example. The real test of business organization and leadership begins here. The principle of proceeding with plans and programs, and of maintaining employment and purchasing power so far as common business prudence permits must now be carried through and down to the individual business communities and the individual business organizations and these translated into concrete terms of local action by the chambers of commerce and the trade associations throughout the country.

The promises and counsels of a few national business figures are of little weight when they are spread thin over so great a territory. What the individual business leader does or does not do in his own community is far more eloquent and convincing than what a few men say in Washington. That alone will ultimately determine whether the fears and the faith of the public in all these proceedings shall or shall not be justified.

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